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SENATE

REPORT
99–487

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1987

SEPTEMBER 25 (legislative day, SEPTEMBER 24), 1986.—Ordered to be printed

Mr. LAXALT (for Mr. GARN), from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 5313]

The Committee on Appropriations to which was referred the bill (H.R. 5313) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1987, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

AMOUNT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	Fiscal year 1987
Amount of bill as recommended in House	$54,006,168,700
Amount of change by Committee	−328,128,900
Amount of bill as reported to Senate	53,678,039,800
Amount of appropriations to date, 1986	58,147,383,984
Amount of budget estimates, 1987	46,488,047,000
Over estimates for 1987	7,189,992,800
Under appropriations for 1986	−4,469,344,184

5183-14

CONTENTS

	Page
Title I—Department of Housing and Urban Development	5
Title II—Independent agencies:	
American Battle Monuments Commission	29
Consumer Product Safety Commission	29
Cemeterial expenses, Army	31
Environmental Protection Agency	32
Council on Environmental Quality	50
Office of Science and Technology Policy	51
Federal Emergency Management Agency	52
Consumer Information Center	62
Office of Consumer Affairs	63
National Aeronautics and Space Administration	64
National Credit Union Administration	70
National Science Foundation	71
Neighborhood Reinvestment Corporation	78
Selective Service System	79
Department of the Treasury	80
Veterans Administration	81
Title III—Corporations:	
Federal Home Loan Bank Board	97
Federal Savings and Loan Insurance Corporation	97
Title IV—General provisions	99

GENERAL STATEMENT

The Committee recommends new budget (obligational) authority of $53,678,039,800 for the Department of Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation, the Veterans Administration, and 13 other agencies, commissions, boards, corporations, institutes, and offices. This amount is $4,469,344,184 less than the appropriations enacted for fiscal year 1986 and $7,189,992,800 more than the budget estimate for fiscal year 1987.

The Department of Housing and Urban Development Appropriations Act has been, traditionally, one of the first appropriations bills to clear the Congress in the past few years. This year, however, began with the tragic space shuttle *Challenger* accident. While funding for the national civilian space program represents only a fraction of the Federal programming funding provided in this measure, the bill in its entirety has reflected a delicate compromise between a spectrum of very diverse but important national priorities. Loss of the shuttle *Challenger* meant that needs of the space program would necessarily increase while budgetary pressures on the overall Federal budget were becomming ever more constraining. It was incumbent, therefore, on the Committee to fully assess the impact of the *Challenger* accident, and the attendant recovery costs, before committing to reestablishing program priorities from the limited funding resources available.

The Committee recommendations herein reflect this extended deliberative and examination process. It was not until earlier this month that the administration finally submitted a budget amendment to replace the lost shuttle orbiter, just days before the House of Representatives considered this measure on their floor. The Senate Committee on Appropriations concluded the following week that this significant budgetary item was appropriate to include in the Department of Defense appropriations bill since not only did that measure have a larger base from which to absorb the significant cost involved in the orbiter procurement, but from a programmatic perspective, the space shuttle system would necessarily be heavily devoted to fulfilling national security missions until the next decade.

Committee action on the Department of Defense appropriations bill significantly clarified the parameters of the nature of the budgetary requirements on agencies within the juisdiction of the HUD-Independent Agencies Subcommittee. Nevertheless significant budgetary issues remained and difficult policy choices have confronted the Committee.

The bill, as recommended by the Committee, reflects an attempt to maintain its traditional balance between investments in science and technology which are vital to our Nation's economic future, and addressing the compelling housing needs of lower income families and assistance for social and economic development. Other programs funded by this measure address major issues for the Nation as a whole including those dealing with a gamut of significant concerns from environmental protection to consumer rights to medical research to maintaining shrines in

memory of those who have sacrificed their lives in defense of our Nation.

The recommended bill does attempt to fairly and equitably balance these very diverse national needs, within the exceedingly constrained budgetary limitations on the Federal Government.

Reprogramming and Initiation of New Programs

The Committee continues to have a particular interest in being informed of reprogrammings which, although they may not change either the total amount available in an account or any of the purposes for which the appropriation is legally available, represent a significant departure from budget plans presented to the Committee in an agency's budget justifications.

Consequently, the Committee directs that the Department of Housing and Urban Development and the agencies funded through this bill notify the chairman of the Committee prior to reprogramming of funds in excess of $250,000 between programs, activities, or elements. The Committee desires to be notified of reprogramming actions which involve less than the above-mentioned amounts if such actions would have the effect of changing an agency's funding requirements in future years or if programs or projects specifically cited in the Committee's reports are affected. Finally, the Committee wishes to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

Despite the fact that this directive regarding reprogrammings, reorganizations, and the initiation of new programs has been a part of the Committee's report since fiscal year 1977, the Committee notes that a number of the departments and agencies funded through this bill have failed to fully comply with the directives. The Committee views the monitoring of reprogrammings to be an integral part of its budget review responsibility and expects all departments, agencies, commissions, boards, and offices covered by this legislation to adhere to the Committee's reprogramming directives.

TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	Contract authority	*Budget authority*
1986 limitation	$838,803,547	$9,537,086,647
1987 budget estimate	382,570,377	2,529,164,000
House allowance	638,280,885	8,095,000,000
Committee recommendation	618,816,778	7,295,855,500

The Committee recommends $7,295,855,500 of new budget authority. This is $4,766,691,500 more than the budget estimate and $799,144,500 less than the House.

PROGRAM DESCRIPTION

Currently, the Department's assisted housing efforts principally consist of a Low-Income Public Housing Program and the Section 8 Lower Income Rental Housing Assistance Program. Under the Public Housing Program, local public housing agencies develop, own, and operate low-income public housing projects, financing them in the past through the sale of short-term, tax-exempt notes and long-term instruments, with HUD entering into a commitment to pay the debt service of these obligations through an annual contributions contract to help assure low rents and adequate services. Financial assistance is also provided to Indian housing authorities to plan, build, own, and operate low-income public housing projects. Under the Section 8 Rent Subsidy Program, the Department pays the difference between what an eligible lower-income household can afford and the fair market rent for an adequate housing unit. This rental assistance may be used for existing housing, for new construction, or for rehabilitated units.

COMMITTEE RECOMMENDATION

The Committee recommends $7,295,855,500 in new budget authority and $618,816,778 in additional contract authority for the Department's Assisted Housing Program within this account. The total program level resulting from the Committee's recommendations is $7,560,217,500. This compares to a $2,529,164,000 program level proposed by the administration and $8,095,000,000 proposed by the House.

The following table displays the gross reservations, contract authority and budget authority associated with the Committee's recommendations:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—
FISCAL YEAR 1987

	Units	Cost	Contract authority	Term	Budget authority
Recaptures	NA	NA	$14,400,400	NA	$264,382,000
New authority	NA	NA	618,816,778	NA	7,295,855,500
Total, available	NA		633,217,178		7,560,217,500
Public housing:					
Indian housing	2,000	$68,969	NA	NA	137,938,000
Indian housing recapture reuse	NA	NA	NA	NA	[1] 20,550,000
Amendments	NA	NA	NA	NA	58,900,000
Lease adjustments	NA	NA	NA	NA	16,300,000
Modernization	NA	NA	NA	NA	[2] 1,436,940,000
Project rehabilitation	NA	NA	NA	NA	[1] 44,712,000
Subtotal, public housing	2,000				1,715,340,000
Section 8:					
Section 202	12,000	6,678	80,139,327	20	1,602,786,540
Section 202 amendments	NA	NA	11,000,000	20	220,000,000
Subtotal, section 202	12,000		91,139,327		1,822,786,540
Housing vouchers:					
Free-standing	60,000	4,100	246,000,000	5	1,230,000,000
Section 8 opt outs	1,000	4,100	4,100,000	5	20,500,000
Public housing demolitions	2,500	4,100	10,250,000	5	51,250,000
Voucher PHA fees	NA	470	29,845,000	5	149,225,000
Subtotal, vouchers	63,500		290,195,000		1,450,975,000
Certificates	10,000	5,273	52,730,000	15	790,950,000
Moderate rehab	5,000	6,367	31,835,000	15	477,525,000
Loan management	10,000	3,751	37,510,000	5	187,550,000
Property disposition	3,000	5,039	15,117,000	15	226,755,000
Amendments:					
New/sub. rehabilitated	NA	NA	500,000	20	10,000,000
Existing housing	NA	NA	70,000,000	5	350,000,000
Loan management	NA	NA	39,890,851	7	279,235,960
Moderate rehab	NA	NA	3,000,000	10	30,000,000
Property disposition	NA	NA	1,300,000	15	20,000,000
Subtotal, amendments	NA	NA	114,690,851		689,235,960
Subtotal, section 8	103,500	NA	633,217,178		5,645,777,500
Total, public housing and section 8	105,500	NA	633,217,178		7,361,117,500
Section 17 development (Revised)	NA	NA	NA		[3] 99,550,000
Section 17 rehabilitation	NA	NA	NA		[3] 99,550,000
Total use of authority	NA	NA	633,217,178		7,560,217,500

[1] To be funded out of public/Indian housing recaptures.
[2] Recaptures from modernization are to be available as appropriations for modernization grants.
[3] To be funded out of section 8 recaptures.

Given the program structure proposed by the Committee, the recommended funding will result in the reservation of 89,000 incremental units. This contrasts with the administration's request which provided 50,000 incremental units and the 81,500 units provided by the House. The estimated number of incremental units expected in fiscal year 1986 is approximately 96,500. Specifically, the Committee proposes: 12,000 units of section 202 housing (versus 12,000 in the House and none proposed by the administration); 2,000 Indian housing units (versus 2,000 in the House and none proposed by the administration); 10,000 section 8, existing units (versus 10,000 in the House and none proposed by the administration); 60,000 incremental housing vouchers (versus 50,000

free standing and rental rehabilitation vouchers in the House and 50,000 incremental proposed by the administration); and 5,000 units of moderate rehabilitation (versus 7,500 in the House and none requested by the administration).

The Committee directs the U.S. Department of Housing and Urban Development under both sections 8(b) and 8(o) of the United States Housing Act of 1937 that the method of calculation, the preliminary fee, and the percentage established for administrative fees paid to a public housing agency administering a contract under this subsection shall be the method of calculation, the preliminary fee, and the percentage established by the Secretary before January 1, 1985, and in effect on such date.

The Committee, in the interest of reducing budget authority, has agreed with the administration's proposal to place all public and Indian housing programs on a capital grant basis. While the Committee would rather continue financing assisted housing activities under the traditional debt financing basis to maintain accounting and budgetary consistency, it appears all but a foregone conclusion that this method of financing will not be permitted under current interpretations of Federal tax law.

Provision also is being made for the rental housing development and rental rehabilitation programs authorized under section 17 of the National Housing Act, as amended. It is estimated that $99,550,000 will be available for each of these programs from authority recaptured under the section 8 program.

The Committee is recommending that the rental housing development grant [HODAG] funds be allocated on a more targeted basis. When this program was first authorized in 1983, it was made available under the concept of targeting the moneys to those areas with the lowest vacancy rates.

In the first years of the operation of the program, the goal of targeting the funds was not fully realized. However, with a greater emphasis being placed on section 8 vouchers, clearly some additional low-income family units should be placed under construction in areas experiencing low vacancy rates. The Committee believes that if funds are insufficiently targeted so that virtually any unit of general local government in the Nation can participate, the limited resources for providing new construction where it is truly needed will be dissipated.

To meet this problem, the Committee is recommending the national vacancy rate and vacancy duration rate as limiting program factors. Under current law, vacancy rates and the duration of such rates are two of several factors considered in assessing the eligibility of all HODAG applicant localities. However, the current eligibility system, with all eligibility factors considered, allows cities with vacancy rates as high as 13 percent to receive HODAG grants. Vacancy rates as high as 13 percent simply do not provide for a viable program. This provision would target the HODAG program solely to those areas with higher than average need for the development of new housing by making ineligible those

areas that have higher than average vacancy rates measured in terms of level and duration of vacancies. While the current eligibility system gives more points to projects to be located in areas with lower vacancy rates, it does permit funding of projects in areas with relatively high vacancy rates. This proposal would eliminate that possibility.

In view of that, the bill language recommended by the Committee provides that, a locality with a vacancy rate at or above the national vacancy rate and a vacancy duration rate (percent of rental units which are vacant more than 2 months) at or above the national vacancy duration rate, cannot generally qualify for eligibility. The Secretary shall determine these national rates on the basis of the most recent annual data collected by the Bureau of the Census. The Committee wants to make clear that, for purposes of meeting the thresholds, a locality may be demonstrated to be eligible based on the last decennial census for which data are available, or more recent data, such as from the American housing survey, at the Secretary's discretion. Also, the Committee has included language which provides the Secretary with authority to grant waivers for special situations (including pockets of low vacancy areas within larger jurisdictions) as now authorized under current law.

For the Rental Rehabilitation Grants Program, the Committee projects a 1987 program level of $99,550,000 to be funded through the recapture of section 8 authority. While the Committee strongly supports continued funding for the Rental Rehabilitation Grants Program, it believes a level of $250,000,000, as provided in the House bill, is excessive given the current budgetary environment.

The Committee does not concur with the House bill which includes language to permit States to impose rent controls where the amount of subsidy to a project, provided by a State, exceeds the amount of HUD's rental rehabilitation grant. The Committee believes the House provision is inconsistent with the private market approach which is integral to the Rental Rehabilitation Grants Program. A basic premise underlying enactment of the Federal program is that projects should be able to support themselves through rental income and that rents be reflective of market conditions, not artificially set through rent controls or other program design mechanisms.

The Committee bill also includes language extending the availability of prior appropriations for the Rental Rehabilitation Grants Program. This extension is needed to reallocate grant funds, as contemplated in section 17(b)(3) of the authorizing legislation, from those grantees not able to use their funds effectively within a reasonable time, to those grantees which are able to assist low-income families. Consistent with this approach, the Committee bill also provides that 1987 funds be available for 3 years, rather than the 1 year availability in the House bill.

In addition to using recaptured section 8 budget authority to fund section 17 rehabilitation and development, authority recaptured during 1987 from the public and Indian housing programs will be used in support of Indian housing activities as well as major rehabilitation of pub-

lic housing projects. Furthermore, any amounts recaptured under the modernization program during 1987, will be added to the amount of new authority being provided for that program.

RENT SUPPLEMENT

(RESCISSION)

1986 budget rescission	−$1,158,920,000
1987 budget estimate	
House allowance	
Committee recommendation	

PROGRAM DESCRIPTION

Section 101 of the Housing and Urban Development Act of 1965 authorizes rent supplement payments on behalf of low- and moderate-income tenants living in privately owned, operated, and financed housing. Eligible tenants must pay the greater of 30 percent of rent or between 25–30 percent of their income toward the rent with the difference between the tenant payment and actual cost made up by a rent supplement paid directly to the project owner.

The Housing and Community Development Amendments of 1979 redefined the standards for tenant eligibility under the Rent Supplement Program to require that such tenants also meet the eligibility standards of the section 8 program. The 1979 and 1981 amendments also authorize the use of available authority under section 5(c) of the U.S. Housing Act of 1937, as amended, to supplement rent supplement contracts beginning in 1980. The 1983 Supplemental Appropriations Act (Public Law 98–63) funded a set-aside to support future amendment needs for noninsured, State agency sponsored projects receiving assistance under the Rent Supplement Program.

The budget assumes completion of the conversion of rent supplement units to section 8 assistance by the end of 1986. The budget also assumes that State-aided noninsured units will continue to receive rent supplement assistance as authorized by the 1983 Supplemental Appropriations Act.

The 1987 budget proposes a rescission of up to $2,900,000 of annual contract authority. This is a one-time technical rescission of 1-year authority which is estimated to be obligated during 1986 and disbursed in 1986 for rent rebates. The authority becomes available for recapture and rescission during 1987.

COMMITTEE RECOMMENDATION

The Committee recommends the proposed rescission of up to $2,900,000 of annual contract authority. This is the same as the budget estimate and the House allowance. The budget also assumes, and the Committee expects, that State-aided, noninsured projects will remain under the Rent Supplement Program and will continue to receive assistance as authorized by the 1983 Supplemental Appropriations Act.

RENTAL HOUSING ASSISTANCE PROGRAM

(RESCISSION)

1986 budget rescission	−$339,584,000
1987 budget estimate	−54,000,000
House allowance	−54,000,000
Committee recommendation	−54,000,000

PROGRAM DESCRIPTION

The Rental Assistance Payments [RAP] Program, authorized by the Housing and Community Development Act of 1974, is designed to aid very low income families in section 236 projects by permitting HUD to provide additional subsidies equal to the difference between the basic rent and up to 30 percent of income for a certain percentage of units.

As a result of the increasing difficulty in funding RAP amendments, the administration began converting insured RAP-assisted projects to the section 8 program in 1983. The budget assumes the conversion of 3,990 units to section 8 during 1986, representing the estimated balance of units in projects where owners are willing to convert, thus completing the conversion process. The budget also assumes noninsured, State-aided projects will be exempted from the conversion policy and will continue to receive subsidy assistance using the amounts set aside for future amendments in the 1983 Supplemental Appropriations Act (Public Law 98–63).

COMMITTEE RECOMMENDATION

The Committee recommends the proposed rescission of up to $3,500,000 in annual contract authority and $54,000,000 in budget authority in the Rental Housing Assistance Program in 1987.

As a result of negotiations in the mid-1970's, HUD and State agencies entered into agreements under which HUD agreed to establish a pool of section 236 contract authority to provide increased section 236 assistance on State agency projects. HUD has been seriously delinquent in releasing these funds, therefore, the Committee directs the Secretary of the U.S. Department of Housing and Urban Development to immediately release the section 236 or deWilde pool funds, this includes use for new RAP units and increases for payments for State agency, local government, and other projects. Thus, under section 236 of the National Housing Act, the Secretary shall, not later than 45 days after receipt of an application by the mortgagee, provide interest reduction and rental assistance payments, including without limitation rental assistance payments for units not currently receiving the benefits of such payments, for the benefit of projects assisted under this section whose mortgages were made by State or local housing finance agencies or State or local government agencies for a term equal to the remaining mortgage term to maturity on projects assisted under this section to the extent of unexpended balances of amounts of authority as set forth in certain letter agreements between the Department of Housing and Urban Development and such State and local housing finance agencies

or State or local government agencies, and existing allocation under section 236 contracts on projects whose mortgages were made by State or local housing finance agencies or State or local government agencies which are not being funded, to the extent of such excess allocation, for any purposes permitted under the provisions of this section, including without limitation rent supplement and rental assistance payment unit increases and mortgage increases for any eligible purpose under this section, including without limitation operating deficit loans.

An application shall be eligible for assistance under the previous sentence only if the mortgagee submits the application within 548 days after the effective date of this subsection, along with a certification of the mortgagee that amounts hereunder are to be utilized only for the purpose of either (a) reducing rents or rent increases to tenants, or (b) making repairs or otherwise increasing the economic viability of a related project. Unexpended balances referred to in the first sentence of this subsection which remain after disposition of all such applications is favorably concluded shall be rescinded. The calculation of the amount of assistance to be provided under an interest reduction contract pursuant to this subsection shall be made on the basis of an assumed mortgage term equal to the lesser of a 40-year amortization period or the term of that part of the mortgage which relates to the additional assistance provided under this subsection, even though the additional assistance may be provided for a shorter period.

The Secretary shall, under section 101 of the Housing and Urban Development Act of 1965, not later than 45 days after receipt of an application by the mortgagee, provide interest reduction and rental assistance payments for the benefit of projects assisted under this section whose mortgages were made by State or local housing finance agencies or State or local government agencies for a term equal to the remaining mortgage term to maturity on projects assisted under this section to the extent of unexpended balances of amounts of authority as set forth in certain letter agreements between the Department of Housing and Urban Development and such State or local housing finance agencies or State or local government agencies, and existing allocation under section 236 contracts on projects whose mortgages were made by State or local housing finance agencies or State or local government agencies which are not being funded, to the extent of such excess allocation, for any purposes permitted under the provisions of this section.

An application shall be eligible for assistance under the previous sentence only if the mortgagee submits the application within 548 days after the effective date of this subsection, along with certification of the mortgagee that amounts are to be utilized hereunder for the purpose of either (a) reducing rents or rent increases to tenants, or (b) making repairs or otherwise increasing the economic viability of a related project. Unexpended balances referred to in the first sentence of this subsection which remain after disposition of all such applications is favorably concluded shall be rescinded.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

(LIMITATION ON LOANS)

1986 limitation	$603,899,000
1987 budget estimate	30,262,000
House allowance	592,661,000
Committee recommendation	592,661,000

The Committee recommends a loan limitation of $592,661,000. This is $562,399,000 more than the budget estimate and the same as the House allowance.

PROGRAM DESCRIPTION

The section 202 program provides direct Federal loans to nonprofit organizations who sponsor the construction and management of housing projects to serve elderly or handicapped families and individuals. The housing projects are designed to provide an assured range of necessary services for the occupants, including health, continuing education, welfare, recreation, counseling, referral, transportation to social services, and means to encourage and assist occupants to use the services and facilities made available. Projects developed under section 202 also carry a section 8 subsidy, which enables the rents of lower-income elderly or handicapped tenants to be reduced to a maximum of 30 percent of their income, during fiscal year 1987. Applications under the two programs are processed simultaneously.

COMMITTEE RECOMMENDATION

The Committee recommends $592,661,000 as the loan limitation for the Elderly and Handicapped Program to permit financing of approximately 12,000 housing units.

The Committee remains concerned over the adverse impact on the section 202 program of the Department's overly restrictive interpretation of income limitations provided in section 323 of the Omnibus Budget Reconciliation Act of 1981. Section 323, an authorization provision, establishes a national goal that 95 percent of subsidized housing units be rented to very low-income families. Congressional intent in enacting this provision clearly stated that the guideline was nationwide and departmentwide in scope and not applicable to individual projects or programs.

In 1984, HUD established its current policy implementing section 323 which restricts tenancy in section 202 housing facilities to very low-income elderly without advance approval of exceptions from the Department. Congressional concern over the Department's obvious misinterpretation was immediately established in Senate floor consideration in June of fiscal year 1985 HUD appropriations. Since the Department chose to ignore congressional concern, this Committee again expressed concern in the report accompanying this fiscal year's appropriation bill (S. Rept. 99–129, pp 14–15). To date, the Department has not significantly altered its current policy.

The Committee insists that this situation be remedied, and, therefore, reaffirms its directive that the Department revise its current method of applying this national 95-percent goal in order to minimize disruption of individual projects or programs. The Committee specifically expects the Department to abandon its current requirement that 100 percent of all new admissions in section 202 units available for occupancy after October 1, 1981, be restricted to individuals having incomes below 50 percent of area median income. Furthermore, the Committee directs the Department to cease utilizing its overly cumbersome requirement for waiver requests and awards to its current 100 percent policy and, instead, immediately implement a system allowing sponsors of section 202 housing, at their discretion, to admit and maintain a low income (that is, between 50 and 80 percent of area median income) tenancy not to exceed 25 percent of the overall facility units, with the balance limited to the very low-income elderly.

NONPROFIT SPONSOR ASSISTANCE

(LIMITATION ON LOANS)

1986 limitation	$957,000
1987 budget estimate	.....
House allowance	1,000,000
Committee recommendation	1,000,000

Nonprofit sponsor loans are authorized to provide a portion of the startup costs associated with the development of section 202 projects for the elderly or handicapped. These loans are interest free and may be used for such items as preliminary surveys and market analyses, preliminary site engineering, architectural fees, and expenses related to site control. Program regulations limit loan approvals to a maximum of $50,000 for each project. The startup costs are repaid from the first advance for construction costs under the section 202 Direct Loan Program.

COMMITTEE RECOMMENDATION

The Committee recommends a direct loan limitation of $1,000,000. This is the same as the House allowance and $1,000,000 more than the budget estimate. The Committee understands that this amount is appropriate to support a 12,000 unit section 202 program in 1987.

CONGREGATE SERVICES

1986 appropriation	$2,555,300
1987 budget estimate	.....
House allowance	3,400,000
Committee recommendation	3,000,000

The congregate housing services demonstration was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The demonstration was designed to promote and encourage

handicapped elderly, nonelderly handicapped, or temporarily disabled individuals to maintain maximum independence in a home environment. A principal objective of the demonstration was to determine whether such assistance would aid in avoiding costly and premature or unnecessary institutionalization of individuals and eventually reduce Government outlays for institutional care. HUD will submit the results of this demonstration to the Congress during 1986.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $3,000,000 for the congregate services program. This is $400,000 less than the level contained in the House allowance, but $444,700 more than the enacted fiscal year 1986 level. No funds were requested for the program.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1986 appropriation	$1,158,544,000
1987 budget estimate	1,171,543,000
House allowance	1,300,000,000
Committee recommendation	1,400,000,000

Operating subsidies are provided to public housing authorities [PHA's] and Indian housing agencies [IHA's] to assist in financing the operation of PHA/IHA-owned dwellings in accordance with section 9 of the United States Housing Act of 1937, as amended. Operating subsidies are required to help maintain operating and maintenance services and provide for minimum operating reserves. The performance funding system [PFS] formula is used to calculate the level of operating subsidy to be provided to each PHA/IHA to operate its owned units with the exception of the PHA's of Alaska, Guam, Puerto Rico and the Virgin Islands, and certain homeownership projects. Subsidy payments are in addition to the annual contributions for debt service provided by the Department to cover the development, acquisition, or modernization costs of projects.

The performance funding system has been used since 1975 to calculate the operating subsidies to be provided to each PHA/IHA to operate its owned projects. The calculated subsidy amount under PFS is the difference between the estimate of operating costs minus an estimate of income from rents and other sources.

The 1987 budget request is based on an obligation estimate of $1,232,844,000 is $127,556,000 less than the current 1986 obligation estimate of $1,360,400,000. This estimate, based primarily on the PFS formula, reflects (1) a 1-year freeze on PHA and IHA personnel and related expense levels, (2) implementation of a policy of calculating subsidy eligibility on the basis of 97 percent of maximum occupancy, and (3) the impact of retroactive rent credits resulting from changes in the definition of adjusted tenant income.

COMMITTEE RECOMMENDATION

The Committee recommends a level of $1,400,000,000 for public housing operating subsidies. This is $228,457,000 more than the budget request and $100,000,000 more than the House allowance. In order to permit flexibility in the use of these funds, they are being made available for a 2-year period.

The Committee recommends an increase of $100,000,000 in this account to permit payments to public housing authorities in excess of the level otherwise provided for under the performance funding system [PFS] to address the dramatic increase in insurance premiums currently being experienced. These special payments will be made upon application by the affected PHA's at the discretion of the Secretary.

Insurance cost estimates for fiscal year 1986 now significantly exceed the $41,000,000 that was included in the PFS base as reflected in the President's budget estimate. Since the start of this calendar year, PHA's that have renewed their property and casualty insurance policies have confronted premium increases averaging 400 percent. In some cases, the premium increases have grossly exceeded this average and instances of tenfold increases are not uncommon. In several instances, PHA's have discovered that insurance coverage is unavailable at any price.

Estimates of the total cost of insurance for PHA's range between $100,000,000 to $150,000,000 in excess of the budget request. In view of the constrained budget, the Committee cannot recommend that the full cost of such insurance premiums be covered in the bill. Indeed, the Committee is very concerned that while some premium increases seem warranted, there appears to be cases where the premiums demanded far exceed what could be justified based on loss experience. It is the Committee's intent that these additional funds be provided only for that portion of premium increases that are reasonable and justifiable. Furthermore, since the recommended $100,000,000 appropriations for this purpose will address only two-thirds of the overall premium increases being experienced by the PHA's, the Committee expects the Department to formulate a fair and equitable allocation scheme in the use of these funds.

The Committee strongly urges and directs the Department to better assess the extent and nature of the rapidly escalating insurance costs of housing authorities, and to explore a long-term solution to this serious problem. The limited reach of the recommended $100,000,000 should be viewed as a interim stop-gap mechanism to address only the most immediate PHA needs while the Department, the authorizing committees of the Congress, and the public housing authorities work out a comprehensive solution to this issue.

The Committee applauds the initiative of public housing groups in proposing the establishment of a captive insurance company as an alternative to individual PHA self-insurance. This is a promising step toward the goal of assuring that needed insurance coverage be available at rates commensurate with actual liability exposure. The Committee urges the Department to work with those developing this alternative to maximize the benefits from this mechanism.

The problem of rapidly increasing insurance premiums highlights an underlying concern over the adequacy of the PFS mechanism in fully and fairly reflecting the actual cost of operating public housing. The base upon which current operating subsidies are computed is those costs incurred by housing authorities nearly 10 years ago. Since that time, many aspects of public housing operations have changed, giving rise to distortions in addressing the real operational costs of PHA's today.

In attempting to deliniate a fair and reasonable Federal budgetary policy with respect to public housing operating subsidies, the Committee frequently finds itself in the untenable position of mediating between seemingly arbitrary administration proposals to reduce funding and appeals by individual public housing authorities for relief from untoward effects of standard national guidelines as they apply in their particular situation.

While the Committee is ever cognizant of the need to reduce Federal spending, it does view with sympathy the effect of broadly based policy initiatives on the precarious finances of individual housing authorities. It is clear that the traditional Federal role in housing assistance must change in this context of severe budgetary constraint, however, the Committee appeals to the parties involved, to pursue this major policy issue in the relevant authorization forum of Congress, and not continue this dispute as a function of funding levels for segments of the housing program in the annual budget process.

HOUSING COUNSELING ASSISTANCE

1986 appropriation	$3,312,500
1987 budget estimate	.....
House allowance	4,000,000
Committee recommendation	3,500,000

Under section 106(a) of the Housing and Urban Development Act of 1968, as amended, the Department has been authorized to contract with public and private agencies to provide counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership.

No appropriation is requested for 1987 by the Department. However, the Department will continue to certify and/or recertify local public and private nonprofit agencies that provide HUD-approved housing counseling assistance.

COMMITTEE RECOMMENDATION

The Committee recommends $3,500,000 for housing counseling assistance. This is $187,500 more than the fiscal year 1986 level, $500,000 less than the House recommendation, and $3,500,000 more than requested by the administration.

TROUBLED PROJECTS OPERATING SUBSIDY

PROGRAM DESCRIPTION

The Secretary provides payments to owners of certain HUD-insured or HUD-held financially troubled multifamily subsidized housing projects in order to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low- and moderate-income tenants. These payments are designed to fund deferred maintenance and replacement reserves, and operating deficits where owners can demonstrate to the Department that projects are well managed or that improvements in management will be made, allowing the projects to become self-sustaining.

Projects eligible for flexible subsidy assistance include those which are subsidized under the section 236, section 221(d)(3) below market interest rate and rent supplement programs, and have mortgages insured or held by the Department. Non-HUD-insured projects developed by State agencies and receiving assistance under one of the aforementioned programs also are eligible.

During 1987, the Department plans to fund activities through the use of excess rental income from the rental housing assistance fund. No additional appropriation is requested to support planned 1987 activity.

COMMITTEE RECOMMENDATION

The budget does not propose an appropriation for this program in 1987. However, requested language has been included to make available funds from unobligated balances of excess rental charges and collections.

FEDERAL HOUSING ADMINISTRATION FUND

1986 appropriation	$239,762,000
1987 budget estimate	272,955,000
House allowance	272,955,000
Committee recommendation	272,955,000

The Federal Housing Administration fund covers the mortgage and loan insurance activities of about 40 HUD mortgage/loan insurance programs, including coinsurance, which are grouped into the Mutual Mortgage Insurance Fund, Cooperative Management Housing Insurance Fund, General Insurance Fund, and the Special Risk Insurance Fund.

The appropriation reimburses the FHA fund for losses sustained by the Special Risk Insurance Fund and the General Insurance Fund. These losses are largely attributable to the sale of HUD-acquired properties and the liquidation of assigned mortgages. The General Insurance Fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, housing for the elderly, land development, group practice medical facilities, and nonprofit hospitals. The Special Risk Insurance Fund provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance; insurance on mort-

gages covering experimental housing where strict adherence to State or local building regulations is not observed; and insurance for high-risk mortgagors who normally would not be eligible for mortgage insurance.

The administration intends to implement the Temporary Mortgage Assistance Payments [TMAP] Program, designed to prevent precipitous foreclosure by helping insured homeowners who have experienced temporary financial difficulties and cannot make their full monthly mortgage payments. This program is being viewed by the administration as a practical alternative to the current Home Mortgage Assignment Program. Under the TMAP Program, HUD would make monthly payments on behalf of single family mortgagors who are at least 3 months in arrears as a result of economic reversals which temporarily prevent the mortgagors from making up their delinquency.

The 1987 budget also proposes a direct loan limitation of $73,800,000 for initial direct loan assistance for an estimated 4,500 new homeowners.

COMMITTEE RECOMMENDATION

The Committee recommends $272,955,000 to fund unrestored losses to the Federal Housing Administration Fund. These losses were incurred in 1985 from the liquidation of assigned mortgages and the sale of HUD-owned properties. This is the same level contained in the budget estimate and the House allowance.

(LIMITATION ON GUARANTEED LOANS)

1986 limitation	($141,500,000,000)
1987 budget estimate	(90,000,000,000)
House allowance	(80,000,000,000)
Committee recommendation	(120,000,000,000)

The Committee recommends a limit of $120,000,000,000 for mortgage and loan insurance commitments. This represents an increase of $30,000,000,000 from the budget estimate in the limitation for gross mortgage and loan insurance commitments during fiscal year 1987. The amended budget request proposed by the administration is $90,000,000,000. The House had proposed only $80,000,000,000, which would be insufficient under current estimates, to meet the demand.

The Committee is aware that the solar industry, in cooperation with the Department of Energy, has developed a national solar certification and testing program over the last 5 years. These guidelines differ from those of FHA and are, therefore, leading to unnecessary and counterproductive requirements on the industry. The Committee, therefore, directs the Department to consult with industry on ways to develop a national eligibility process to ease and standardize solar systems eligibility under the FHA financing programs.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

1986 appropriation	
1987 budget estimate	$1,079,000
House allowance	1,079,000
Committee recommendation	1,079,000

The 1987 budget proposes an appropriation of $1,079,000. During 1987, interest collections from pooled mortgages along with interest from investments are not expected to be sufficient to pay the interest payments to the holders of participation certificates in GNMA's Federal assets financing trust.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $1,079,000 for payment of participation sales insufficiencies.

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(LIMITATION ON GUARANTEED LOANS)

1986 limitation	($175,000,000,000)
1987 budget estimate	(125,000,000,000)
House allowance	(132,500,000,000)
Committee recommendation	(160,000,000,000)

The Government National Mortgage Association [GNMA] through the Mortgage-Backed Securities Program, guarantees privately issued securities backed by pools of mortgages. GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Its powers are prescribed generally by title III of the National Housing Act, as amended. GNMA is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust or pool composed of mortgages that are guaranteed by the Federal Housing Administration, the Farmers Home Administration, or the Veterans' Administration. GNMA's guarantee of mortgage-backed securities is backed by a full faith and credit of the United States.

COMMITTEE RECOMMENDATION

The Committee recommends a GNMA limitation on guaranteed loans of $160,000,000,000 in fiscal year 1987. This is an increase of $25,000,000,000 over the budget request and $27,500,000,000 more than the House allowance. The proposed commitment level of $160,000,000,000 for fiscal year 1987 reflects a $15,000,000,000 decrease from the enacted 1986 commitment level of $175,000,000,000.

Solar Energy and Energy Conservation Bank

ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS

The Solar Energy and Energy Conservation Bank was established by title V of the Energy Security Act of 1980 to encourage energy conservation and the use of solar energy to reduce the Nation's dependence on foreign sources of energy supplies. The Bank's financial assistance program provides: (1) loan subsidies and matching grants for energy conservation in one- to four-family and multifamily residential buildings completed prior to 1980; (2) loan subsidies for energy conservation in commercial and agricultural buildings completed prior to 1980 with nonprofit owners; and (3) loan subsidies for passive and active solar energy systems in existing and newly constructed one- to four-family and multifamily residential buildings and commercial and agricultural buildings with nonprofit owners.

The Department proposes that no additional budget authority be enacted for the Bank in 1987.

COMMITTEE RECOMMENDATION

The authorization for this program will expire September 30, 1987; and the Committee does not recommend any new funding for the Solar Energy and Energy Conservation Bank during fiscal year 1987. The Committee agrees with the House bill extending the availability of prior-year funds through 1987.

Community Planning and Development

COMMUNITY DEVELOPMENT GRANTS

1986 appropriation	$2,990,434,000
1987 budget estimate	2,624,800,000
House allowance	3,000,000,000
Committee recommendation	3,000,000,000

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. The community development grants finance activities previously eligible under separate categorical grant programs. Spending priorities are determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities for lower-income groups. Grant recipients are required to estimate their low-income housing needs and address them in the overall community development plan they submit to receive their grant.

The Housing and Community Development Act of 1977 changed the original single statutory formula for distributing grant funds to eligible recipients, in recognition that the original formula did not adequately assess the relative needs of older urban centers. Under provisions of the

1977 act, funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock.

The Housing and Community Development Amendments of 1981 include a scaled-down Secretary's discretionary fund, an entitlement program for large cities and urban counties, a block grant (nonentitlement) program for the States to assist their smaller localities, and a revised method of fund distribution. Beginning in 1982, funds appropriated have been distributed 70 percent to entitlement communities and 30 percent to nonentitlement communities after deducting a designated amount for the Secretary's discretionary fund.

The Housing and Urban-Rural Recovery Act of 1983 further amended the Housing and Community Development Act of 1974 to require States and entitlement communities to use at least 51 percent of their community development block grant funds for activities that benefit low- and moderate-income persons. This act also amended the 1974 act by providing that any State electing to administer the nonentitlement (small cities) program in fiscal year 1985, or thereafter, shall be considered to have assumed this responsibility permanently; and, if it fails to provide an annual submission, funds will be reallocated among all States in the succeeding year.

The budget proposes legislation to repeal the section 108 Loan Guarantee Program, and no new commitment authority is requested for 1987. The budget also proposes legislation to change the distribution between entitlement and nonentitlement funds from 70/30 percent to 65/35 percent, and to improve the targeting of funds within the entitlement category to communities with the greatest need. Legislation also is proposed to eliminate the present authority allowing grantees to draw down in a lump sum their total grant amount for rehabilitation activities before the funds are needed.

COMMITTEE RECOMMENDATION

The Committee recommends $3,000,000,000 for the Community Development Block Grant Program. This is $375,200,000 more than that contained in the budget request and the same amount as the House allowance. The Committee further recommends continuation of the section 108 Loan Guarantee Program at a level of $150,000,000, the same as the House allowance.

The House bill includes new language for the Community Development Block Grant [CDBG] Program which would extend the eligibility for annual entitlement funding to the city of East Cleveland, OH. East Cleveland is not presently eligible for such assistance, as a metropolitan city, as defined under section 102(a)(4) of the Housing and Community Development Act of 1974, as amended.

The Committee does not concur with the enactment of this language which distorts the concept of entitlement funding based on uniform eligibility criteria. Providing special treatment to East Cleveland is not equitable treatment to those other cities which do not qualify for entitle-

ment funding status, but which may also have needs similar to East Cleveland. While East Cleveland did receive entitlement funding in the early years of the CDBG Program, this was on the basis of it qualifying for hold-harmless assistance as a nonmetropolitan city. It should be noted that there were approximately 750 other nonmetropolitan cities, which previously received hold-harmless funding, which are no longer eligible for entitlement assistance.

The Committee has included language to set aside $2,000,000 of the block grant appropriation to continue funding of the neighborhood development demonstration authorized under section 123 of the Housing and Urban-Rural Recovery Act of 1983. A similar amount was appropriated for this demonstration in 1985. Based on the extensive interest of neighborhood organizations to participate in the initial funding round, the Committee believes a second funding round is warranted.

The Secretary's discretionary fund is increased from $50,000,000 to $56,000,000, an increase of $6,000,000. This increase is for the special projects and technical assistance funding categories. Within the Secretary's discretionary fund, $1,500,000 will be available for the renovation/development of Hale House Center for drug addicted infants and their mothers in New York, $500,000 for the construction and renovation of drug abuse and alcoholism-related facilities at the Maple Leaf Farm in Underhill, VT, and $600,000 for Daytop Village's Drug Free Therapeutic Treatment Facility for Youth and Adolescents in New York.

The Committee strongly supports the continuation of the Departments' small but highly effective district/cooling program. This initiative has yielded significant benefits to local units of Government toward the use of existing energy sources in meeting residential and commercial requirements in a highly efficient manner.

URBAN DEVELOPMENT ACTION GRANTS

1986 appropriation	$315,810,000
1987 budget estimate	
House allowance	275,000,000
Committee recommendation	225,000,000

Under section 119 of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award urban development action grants [UDAG]. The Housing and Community Development Amendments of 1981 include a revised Action Grant Program which relies on increased local flexibility and minimizes Federal involvement.

The primary objective of UDAG is to revitalize distressed communities by stimulating economic development, which in turn will create new permanent jobs and new sources of tax revenue. Grants assist severely distressed cities, towns, and urban counties in the revitalization of their economic bases and the reclamation of deteriorated neighborhoods.

Under provisions of the Housing and Community Development Amendments of 1979 assistance may be provided also for economic de-

velopment and neighborhood revitalization projects targeted to severely distressed areas, or pockets of poverty in otherwise nondistressed communities. The Secretary is authorized to use up to 20 percent of the UDAG funds appropriated for the purpose of making grants to eligible pockets of poverty jurisdictions.

A major focus of the UDAG Program, and one that tends to distinguish it from other urban aid programs, is the requirement that leveraging of private investment in discrete projects in distressed cities and urban counties must be in evidence before UDAG funding is approved.

COMMITTEE RECOMMENDATION

The Committee recommends $225,000,000 for the UDAG Program. This is a decrease of $50,000,000 from the House bill. No funds were requested for this program by the administration. The Committee urges the authorization committees to pursue reforms of the existing allocation formula to assure greater emphasis on individual project benefits.

REHABILITATION LOAN FUND

PROGRAM DESCRIPTION

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of single family and multifamily residential properties and nonresidential properties in federally aided community development grant, urban homesteading, urban renewal and code enforcement areas certified by local governments. The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98–181) prohibits funding priority based on (1) type of dwelling unit, or (2) the receipt of assistance for housing or community development, other than assistance for local homesteading programs. Because of these prohibitions, the use of loans for multifamily, single family, and nonresidential properties is at the discretion of participating localities. Section 312 assistance is available only when financing cannot be obtained, on comparable terms and conditions, from other sources. In most cases, the rehabilitation work must make the property conform to applicable rehabilitation standards established by the community.

In 1986, the Department has indicated it intends to charge a minimum interest rate of 3 percent for low-income families and a floating interest rate for all other loans. This latter rate is computed by using the rates published in the press on the day the loans are approved. The Department also intends to charge section 312 loan applicants an application fee to cover administrative expenses associated with the program. Also proposed is a risk fee of 1 percent for each loan. The amount is in addition to the basic interest rate charged the borrower. The risk fee is being charged to compensate for losses in the program. The funds collected from the risk and application fees would be credited to the section 312 account.

The Department proposes to terminate the Rehabilitation Loan Program at the end of fiscal year 1986.

COMMITTEE RECOMMENDATION

The Committee recommends the continuation of this program during fiscal year 1987. An estimated $91,000,000 from repayments and other income sources, plus unused balances from 1986, will be available in 1987 for new loans and other expenses.

URBAN HOMESTEADING

1986 appropriation	$11,358,000
1987 budget estimate	12,000,000
House allowance	12,000,000
Committee recommendation	12,000,000

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to transfer, without payment, to a unit of general local government, State or public agency, any HUD-owned, unoccupied, one- to four-family residences for use in an approved Urban Homesteading Program.

In addition, section 810 authorizes the Administrator of Veterans Affairs and the Secretary of Agriculture to transfer their unoccupied, one- to four-family residences for use in HUD-approved urban homesteading programs.

The funds appropriated for urban homesteading will reimburse the Federal Housing Administration fund for HUD-owned properties, the Administrator of Veterans Affairs for Veterans' Administration [VA] properties, and the Secretary of Agriculture for Farmers Home Administration [FmHA] properties used by approved homesteading localities.

The budget proposes legislation which would (1) require local agencies to give special priority to lower income families wishing to participate in the program; (2) permit a locality to charge consideration, except for units transferred to lower income families; and (3) permit reimbursement to the Rehabilitation Loan Fund for section 312 properties used by approved urban homesteading localities.

COMMITTEE RECOMMENDATION

The Committee recommends $12,000,000 for the Urban Homesteading Program, $642,000 more than the 1986 level and the same as the budget estimate and the House allowance. This will permit the transfer of 800 single family properties in 1987, which includes VA and FmHA properties.

MODEL CITIES

The House has included language which would relieve the city of New Orleans from making a repayment to the Federal Government due to disallowed costs under their model cities grant, No. ME–17–001. It is the Committee's understanding that the amount at issue is $1,583,300. The Committee agrees with the House action.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

1986 appropriation	$16,173,000
1987 budget estimate	18,900,000
House allowance	16,173,000
Committee recommendation	18,000,000

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, studies, testing, and demonstrations related to the Department's mission. These functions are carried out through grants to and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The Research Program serves as a focal point for research, analysis, data collection, and dissemination of concerns and issues related to the major programs and objectives of the Department.

In 1987, the Research and Technology Program will provide analytic support to the Department's effort to improve the operation of its programs. Particular areas of study will include: (1) maintaining the stability of the housing finance system through continued improvements to secondary market institutions and regulatory systems; (2) enhancing homeownership opportunities through the design of sound mortgage instruments in existing FHA programs; (3) developing cost-effective policies for management, operation, and maintenance of the insured and assisted multifamily housing inventory; (4) improving the quality of life of public housing tenants and promoting cost-effective management of public housing; (5) designing appropriate programs to ensure a supply of affordable rental housing in a post tax-reform economy, including improvements to the voucher program; (6) increasing the affordability of housing through technological and regulatory improvements, with a new focus on rehabilitated as well as newly constructed housing; (7) increasing compliance and enforcement of fair housing laws and developing new strategies to promote fair and nondiscriminatory housing; and (8) developing an appropriate Federal role in support of community and economic development as the balance of fiscal capacity shifts.

COMMITTEE RECOMMENDATION

The Committee recommends $18,000,000 for this account. This is $900,000 less than the budget request and $1,827,000 more than the House allowance.

Fair Housing and Equal Opportunity

FAIR HOUSING ASSISTANCE

1986 appropriation	$6,341,300
1987 budget estimate	5,000,000
House allowance	6,341,300
Committee recommendation	6,341,300

The Fair Housing Assistance Program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies. The program also provides assistance to community housing resource boards, which enhance the ability of the Department to carry out its Voluntary Compliance and Enforcement Program. The community housing resource boards consist of representatives of community organizations throughout a metropolitan area and serve in an advisory capacity to the housing industry, reviewing the progress and effectiveness of voluntary compliance and enforcement agreements.

COMMITTEE RECOMMENDATION

The Committee recommends $6,341,300 for this activity in fiscal year 1987. This includes $4,448,300 in grants to support State and local fair housing agencies for capacity building, training, and complaint processing and monitoring. In addition, $1,893,000 is provided to support community housing resource boards.

Management and Administration

SALARIES AND EXPENSES

	Appropriation	*FHA funds (by transfer)*
1986 appropriation	$321,961,000	($261,959,000)
1987 budget estimate	314,056,000	(291,224,000)
House allowance	342,123,000	(306,962,000)
Committee recommendation	327,049,000	(306,962,000)

The appropriation proposed by the Committee would finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development, including the following activities:

1. *Housing and mortgage credit programs.*—This activity includes staff salaries and related expenses associated with administering housing programs, the implementation of consumer protection activities in the areas of interstate land sales, mobile home construction and safety, and real estate settlement procedures.

2. *Community planning and development programs.*—Funds in this activity are for staff salaries and expenses necessary to administer community planning and development programs.

3. *Equal opportunity and research programs.*—This activity includes salaries and related expenses associated with implementing equal opportunity programs in housing and employment as required by law and executive orders and the administration of research programs and demonstrations.

4. *Departmental management, legal and audit services.*—This activity includes a variety of general functions required for the Department's overall administration and management. These include the Office of the Secretary, Office of General Counsel, and the Office of Inspector General as well as administrative support in such areas as accounting, personnel management, contracting and procurement, and office services.

5. *Field direction and administration.*—This activity includes salaries and expenses for the regional administrators, area office managers, and their staffs who are responsible for the direction, supervision, and performance of the Department's field offices, as well as administration support in areas such as accounting, personnel management, contracting and procurement, and office services.

COMMITTEE RECOMMENDATION

The Committee recommends $327,049,000, in direct appropriations plus $306,962,000 from various funds of the Federal Housing Administration, for salaries and expenses of the Department of Housing and Urban Development in 1987. This amount, together with an estimated $10,775,000 in transfers from other sources, will provide a total of $644,786,000 for management of HUD. The Department estimates this level of funding will support 13,213 staff years including sums necessary for travel and other object class expenditure requirements.

Within the funds available, the Committee directs the Department to provide $1,000,000 to the Housing Assistance Council. This amount is the same amount earmarked in fiscal year 1986. The council is a nonprofit organization which attempts to improve housing credit availability and sanitation facilities in rural areas. The Committee strongly supports continued funding of the council as it represents one of HUD's few rural-oriented efforts.

While the Committee agrees with the House that some additional staff for public housing programs could be effectively utilized by the Department, it appears that the House level is excessive and unjustifiable. The Committee recommends, therefore, reductions of 200 staff-years and $7,000,000 from the staffing and funding levels proposed by the House.

The Committee does not concur with the House recommendation to decrease the departmental management activity by 10 percent. This activity provides direct support to the Secretary and contains staff for purposes mandated by law. The current Secretary has reduced that staff by 25 percent during his tenure and any further reduction could be counterproductive.

The Committee agrees that additional administrative staff should be provided to support the higher than required program levels being rec-

ommended. However, the Committee believes that a more modest increase would be sufficient, and after taking into account the reductions addressed above, recommends reductions of 124 staff-years and $4,036,000 to the levels proposed by the House.

The Committee also recommends a general funding reduction of $4,638,000 to be absorbed by the Department in areas of its own choice.

The Committee also advises the Department that the staff increases over the budget being recommended are for operational purposes and, thus, are expected to be assigned to the field, except in those instances where they are required at headquarters to provide direct support to the subject programs.

Administrative Provision

The Committee has been advised of the adverse effect on Federal Housing Administration programs which have resulted from the closure or proposed closure of five small field offices. Furthermore, data supplied to the Committee indicates that cost savings resulting from these closures are not commensurate with loss of service to program participants. For these reasons, the Committee recommends an administrative provision prohibiting such office closures and in the case of closures which have occurred in the past year, that such offices be reopened within the funds recommended in the bill.

The Committee further recommends an additional administrative provision which amends the Housing and Community Development Act of 1974 to establish the counties of Maui, Kauai, and Hawaii as eligible to participate in the Urban Development Action Grant Program. This language does not affect the criteria used by HUD to award these grants.

TITLE II—INDEPENDENT AGENCIES

American Battle Monuments Commission

SALARIES AND EXPENSES

1986 appropriation	$11,920,506
1987 budget estimate	11,673,000
House allowance	11,673,000
Committee recommendation	11,673,000

The Committee recommends an appropriation of $11,673,000 for the salaries and expenses of the American Battle Monuments Commission. This is the same amount as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The American Battle Monuments Commission is responsible for the maintenance and construction of U.S. monuments and memorials commemorating the achievements in battle of our Armed Forces since April 6, 1917; for controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and for the design, construction, and maintenance of permanent military cemetery memorials in foreign countries. The Commission maintains 24 military cemetery memorials on foreign soil; 14 monuments and memorials not a part of the cemeteries; and 2 bronze tablets. In addition, the Commission administers four large memorials on U.S. soil.

COMMITTEE RECOMMENDATION

The Committee recommends $11,673,000 for the American Battle Monuments Commission. This is the same amount as the budget request and the House allowance.

These funds are sufficient to administer, operate, and maintain the American Battle Monuments Commission's military cemeteries, monuments, and memorials throughout the world. This amount will support 387 positions in fiscal year 1987.

Consumer Product Safety Commission

SALARIES AND EXPENSES

1986 appropriation	$34,452,000
1987 budget estimate	33,000,000
House allowance	34,452,000
Committee recommendation	33,000,000

The Committee recommends an appropriation of $33,000,000 for the salaries and expenses of the Consumer Product Safety Commission. This is the same as the budget estimate and $1,452,000 less than the House allowance.

PROGRAM DESCRIPTION

The Commission is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the Commission establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data, and promotes uniform product regulations by governmental units.

The 1981 amendments to the Consumer Product Safety Act [CPSA] require the Commission to analyze costs and benefits of proposed rules, consider the protection afforded by existing voluntary standards and voluntary standards which could be developed and examine all reasonable alternatives to mandatory requirements before proposing standards and major regulations, and again before issuing any such rule on a final basis.

To meet its obligations under the Consumer Product Safety Act and the other legislative mandates listed above, the Commission has developed a set of programs which address specific product hazards.

COMMITTEE RECOMMENDATION

The Committee recommends $33,000,000 for the activities of the Consumer Product Safety Commission [CPSC]. This is the same as the budget request and $1,452,000 less than the House allowance.

The Committee has been frustrated with several years of internal conflict between members of the Commission. The Committee agrees with the House recommendation of limiting personnel compensation and benefits funds to the three CPSC Commissioner positions expected to be filled at the beginning of the fiscal year. This should produce a more harmonious Commission. Any savings from the two vacant Commissioner offices should be used to minimize problems relating to the move from the Logan Building.

The Committee has provided the funding at the request level and directs the agency to carry out its program as proposed, including the relocation from the Logan Building at the earliest reasonable date.

The Committee believes it would be more efficient if the CPSC Commissioners and the operating arms of the agency were at the same location. The present arrangement has the Commissioners, certain policy development staff, and a public hearing room in downtown Washington and the rest of the agency (except laboratories and field personnel) in Bethesda, MD. It is directed, therefore, that the Commission plan to take such actions as are necessary to effect what appears to be the only feasible option—the transfer of all CPSC Commissioners and other CPSC staff at the downtown Washington location to Bethesda. The Committee directs CPSC to provide the Committee with a report on how the move will be accomplished, including options for negating potential problems. This report should be submitted prior to the end of December 1986. The move to Bethesda is to be accomplished as early as possible. The Committee, in recognition of these pending issues, recommends deletion of House bill language mandating the move prior to March 31, 1987. The results of the December 1986 report will assist the Committee in recommending a deadline for the relocation.

Department of Defense—Civil

Cemeterial Expenses, Army

SALARIES AND EXPENSES

1986 appropriation	$13,987,442
1987 budget estimate	15,783,000
House allowance	6,701,000
Committee recommendation	15,783,000

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1985, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 212,004 persons and comprised a total of approximately 628 acres. There were 2,876 interments and 1,028 inurnments in fiscal year 1985; 2,900 interments and 1,040 inurnments are estimated for the current fiscal year; and 2,950 interments and 1,085 inurnments for fiscal year 1987.

COMMITTEE RECOMMENDATION

The Committee recommends $15,783,000 for Army cemeterial expenses. This is the same level as the budget request and $9,082,000 more than the House allowance. The House-passed bill deletes funding for the parking garage to accompany the new visitors center which was funded last year, without prejudice, reflecting concern over the growing budget deficit. The Army was directed to prepare a report relative to paid parking at the visitors center.

The report has been submitted and in it the Army has indicated that it is practical to establish a fee parking system for all visitors other than

next of kin at the visitors center. The Committee is strongly in agreement with the report findings and recommends funding of the parking garage costs with the condition and understanding that the Army initiate a fee for the use of the permanent visitors center parking facility at Arlington National Cemetery.

The Committee is in agreement with the mechanism by which the Army will charge parking fees and directs the Army to select parking rates commensurate with a reasonable payback period, which generally are in line with rates of comparable Washington area sites, and which discourage commuter parking.

ENVIRONMENTAL PROTECTION AGENCY

1986 appropriation	$4,661,597,000
1987 budget estimate	4,226,466,000
House allowance	4,697,397,000
Committee recommendation	[1] 4,939,126,000

[1] Includes $600,000,000 in new obligations from prior-year appropriations for construction grants.

The Committee recommends an appropriation of $4,939,126,000 for EPA's programs in fiscal year 1987. This amount is $112,660,000 more than the budget estimate and $358,271,000 less than the House allowance.

GENERAL DESCRIPTION

The Environmental Protection Agency [EPA] was created through an executive reorganization plan—Reorganization Plan No. 3 of 1970—designed to consolidate certain Federal Government environmental activities into a single agency. The plan was submitted by the President to the Congress on July 8, 1970 and the Agency was established as an independent agency in the executive branch on December 2, 1970 by consolidating 15 components from 5 departments and independent agencies.

A description of EPA's pollution control programs by media follows:

Air.—The Clean Air Act authorizes a national program of air pollution research, regulation, and enforcement activities. Under the act, primary responsibility for the prevention and control of air pollution at its sources rests with State and local government, with a strong mandate that the Environmental Protection Agency take action when States do not fulfill their responsibilities. EPA's role is to conduct research and development programs, insure that adequate standards and regulations are established to meet environmental goals set by the act, support State and local control activities, and insure that the standards and regulations are effectively enforced. The air program encompasses activities related to the development and implementation of air pollution control strategies and achievement of air quality standards.

Water quality.—The Clean Water Act, as amended in 1977 and 1981, provides the framework for protection of the Nation's waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water pollution. The States determine the desired

uses for their waters, set standards, identify current uses, and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal wastewater treatment works, and nonpoint source control practices.

The Marine Protection, Research, and Sanctuaries Act also forms a part of the framework to protect the Nation's waters. It authorizes the Agency to regulate ocean dumping through the development of regulations and criteria and through an Ocean Dumping Permit Program.

The Environmental Protection Agency has the role of establishing national regulations and guidelines to assure that the goals of the acts are met; conducting research and development on methods, procedures, and technologies for water pollution control; making grants to support State and local activities; and insuring that standards and regulations are enforced effectively.

Drinking water.—The purpose of the Drinking Water Program is to assure that the Nation's public drinking water is safe. In the time since a Federal role was established with the Safe Drinking Water Act of 1974, the number of community water systems that are regularly monitoring drinking water quality in conformance with consistent national regulations has increased fourfold. Compliance with the microbiological maximum contaminant level and with monitoring and reporting requirements has increased over the years, so that by the end of 1982 only 8 percent of the community systems were classified as persistent violators of these requirements.

The Drinking Water Program encompasses the following activities: (1) establishing national drinking water standards; (2) protecting underground sources of drinking water, particularly by controlling underground injection of wastes; (3) assisting the States in assuming primary responsibility for monitoring and enforcing compliance with national standards and regulations; (4) directly implementing programs for public water system supervision and underground injection control in States that have not received primary enforcement responsibility; and (5) performing research which supports the development, revision, and implementation of regulations.

Hazardous waste.—The Resource Conservation and Recovery Act of 1976 [RCRA] mandated EPA to develop a regulatory program to protect human health and the environment from improper hazardous waste disposal practices. The RCRA Program manages hazardous wastes from generation through disposal.

EPA's responsibilities and authorities to manage hazardous waste were greatly expanded under the Hazardous and Solid Waste Amendments of 1984. Not only does the regulated universe of wastes and facilities dealing with hazardous waste increase significantly, but past mismanagement practices, in particular prior releases at inactive hazardous and solid waste management units, must be identified and corrective action taken.

Major activities under the Hazardous Waste Management Program include: (1) developing new and reviewing existing regulations for hazardous waste handlers; (2) conducting research and development to support the regulation program; (3) implementing a permitting program; (4) enforcing compliance with regulations, and (5) authorizing and assisting State implementation of the program.

Pesticides.—The objective of the Pesticide Program is to protect the public health and the environment from unreasonable pesticide risks while permitting the use of necessary pest control technologies. This objective is pursued by EPA through three principal means: (1) review of existing and new pesticide products; (2) enforcement of pesticide use rules; and (3) research and development to reinforce the ability to evaluate the risks and benefits of pesticides.

Radiation.--The radiation programs' major emphasis is to minimize the exposure of persons to ionizing radiation, whether from naturally occurring sources, from medical or industrial applications or nuclear power sources. While some exposure to radiation is inevitable, EPA takes the position that no avoidable risk attributable to such exposure should occur to individuals or to the environment without offsetting benefits. EPA pursues this protective goal through three interdependent sets of activities; (1) development of criteria, standards, and guidelines; (2) assessment of the environmental impact of emerging radiation problems; and (3) surveillance of radiation levels in the environment.

Toxic substances.—The Toxic Substances Control Act [TSCA] establishes a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment, and institute control action for those chemicals which present an unreasonable risk of injury to health or the environment. The act's coverage is broad, affecting more than 60,000 chemicals currently in commerce, and all new chemicals.

The major programs that the Agency must develop and implement to carry out the provisions of the act are those to: (1) require testing of chemicals and submission of reports of existing information by industry and review these and other data to determine chemical hazards; (2) review and act on new chemical and significant new use notifications by industry; (3) control the manufacturing, processing, distribution, use, and disposal of existing chemicals that pose unreasonable risks to health and the environment; (4) enforce these statutory and regulatory programs; (5) conduct research and development to support the implementation of the law; (6) insure that all Agency programs dealing with toxic substances coordinate and integrate risk assessments, priority setting, and regulatory actions; and (7) support programs as authorized under the Asbestos School Hazard Abatement Act [ASHAA].

Interdisciplinary.—The interdisciplinary medium is designed to support programs where the problems, tools, and results are multidisciplinary in nature and must be coalesced into an integrated program. This integrated program encompasses the Agency's enforcement policy and litigation activities. This concept is also employed in the Agency's ef-

forts to advance the state-of-the-art in the Agency's scientific capabilities and knowledge through the Exploratory Research Program, to review other agencies' environmental impact statements [EIS's], to prepare new source EIS's, and to promote compliance of Federal activities with regulations for environmental pollution control.

Energy.—The primary objective of the Energy Research and Development Program is to insure that the Nation's energy production and utilization practices proceed in an environmentally acceptable manner. Satisfying this objective requires research and development activities in two distinct areas. These are: (1) developing the scientific data necessary to understand the phenomena of acid precipitation; and (2) developing the necessary performance, reliability, and cost data on the limestone injection multistage burner pollution control process.

Superfund.—The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] established a national program to protect public health and the environment from the threats posed by inactive hazardous waste sites and spills of hazardous substances. To achieve its objectives the EPA (1) provides short-term emergency response to clean up hazardous waste spills, (2) undertakes long-term cleanup of the Nation's most serious inactive or abandoned hazardous waste sites which are designated on the national priorities list, (3) compels responsible parties to directly undertake response actions whenever possible, and (4) seeks to recover moneys expended from the trust fund through enforcement actions.

The act created the $1,600,000,000 Hazardous Substance Response Trust Fund, commonly known as Superfund, to finance the cleanup and enforcement activities required under CERCLA. This fund was financed primarily by excise taxes levied on oil and chemical manufacturers, general fund appropriations, interest on investments, and cost recoveries. The 1987 budget request assumes reauthorization and expansion of the current taxing authority which expired on September 30, 1985.

SALARIES AND EXPENSES

1986 appropriation	$654,756,000
1987 budget estimate	687,947,000
House allowance	696,047,000
Committee recommendation	701,107,000

The Committee recommends an appropriation of $701,107,000. This amount is $13,160,000 more than the budget estimate and $5,060,000 more than the House allowance. The recommended level of funding represents an increase of $46,351,000 over the fiscal year 1986 enacted level.

PROGRAM DESCRIPTION

The salaries and expenses appropriation supports all costs of administering EPA's programs, exclusive of grant programs and contractual agreements for specific programs. This account provides support for ex-

ecutive direction, management, and support for all Agency programs at headquarters and the 10 regional offices. It also provides funding for repair and improvement projects under $25,000. In addition to personnel and administrative costs associated with abatement, control and compliance, research and development, and enforcement activities, the salaries and expenses appropriation supports the following functions:

1. *Program management.*—This activity covers the salaries and related expenses for the assistant administrators and immediate staffs in the Offices of Water; Air and Radiation; Pesticides and Toxic Substances; Solid Waste and Emergency Response; Research and Development; Enforcement and Compliance Monitoring; General Counsel; and External Affairs.

2. *Agency management.*—This activity supports agencywide policy direction and management activities, including the salaries and associated costs for: the Immediate Office of the Administrator; the offices which report directly to the Administrator; the Inspector General; the Office of General Counsel; the Office of Administration and Resources Management; the Office of Policy, Planning, and Evaluation; and the headquarters components of External Affairs.

3. *Regional management.*—This activity supports the regional administrators, their immediate staffs and the staff offices reporting directly to them such as intergovernmental relations, public affairs, and civil rights. Regional management also includes the regions' central management functions: planning and analysis, budgeting, financial management, personnel management, and administrative services as well as the regional counsel.

4. *Laboratory support.*—This activity supports operation of the laboratories of the Offices of Research and Development; Pesticides and Toxic Substances; and Air and Radiation. These costs consist mainly of laboratory services such as, utilities, building maintenance, custodial services, communications, and other operational expenses.

5. *Agency support.*—This activity provides general office and building services and support for program operations at EPA headquarters, Research Triangle Park, and Cincinnati. Agency support also includes agencywide costs which are managed at headquarters and which support the needs of all Agency programs. Examples of such costs include facilities rent, ADP support, and use of the Federal Telecommunications System.

6. *Regional support.*—This activity supports basic needs of the regions, including telephone service, guard services, printing and copying services, rental of office equipment, ADP equipment, and other office and building services.

COMMITTEE RECOMMENDATION

During the past year, a scientific consensus has developed that human society and the earth's environment may be severely affected by global warming and stratospheric ozone depletion caused by manmade pollutants. In 1985, a meeting at Villach, Austria, of the world's leading

atmospheric scientists warned that global warming is likely to occur earlier than was previously thought. The British Antarctica survey subsequently showed that ozone levels over Antarctica have dropped nearly 50 percent from 1979 to 1985 during portions of the spring. Global measurements from the Nimbus 7 satellite have already begun to show a stratospheric ozone depletion of as much as 2 to 3 percent.

In hearings this year before the Senate Committee on Environmental and Public Works, U.S. Government scientists projected that a global warming of 9° F could be anticipated as early as the year 2050 with current emissions trends from an enhanced greenhouse effect and that some perceptible warming should be apparent during the next decade. A recent study indicates that the mean global surface temperature rose 1.2° F from 1850 to 1984 and that the 3 warmest years during that 134-year period were 1980, 1981, and 1983.

The Southeastern drought this year and the flooding of the Great Salt Lake have underscored human vulnerability to changes in the weather. According to climatologists even a modest global warming could greatly affect food production, water availability and quality, air quality, fishery yields, and survival of wetlands and ocean beaches. Despite evidence that climate change from manmade pollutants may nullify most of the benefits from our national environmental protection efforts, only about one-tenth of 1 percent of EPA's resources is currently directed at research or analysis of the causes and effects of such climate change or stratospheric ozone modification.

This Committee welcomes the recent initiative of the Administrator of the EPA in establishing a climate change working group. It is concerned, however, that EPA has failed to provide sufficient resources to implement its own stratospheric ozone protection plan announced this past January. This resource shortfall could not only adversely affect the quality of EPA's analysis of potential control of chlorofluorocarbons and other potential stratospheric perturbants, it could weaken the U.S. hand in the upcoming international negotiations involving chlorofluorocarbons. Moreover, while EPA is providing some valuable sponsorship of research concerning effects of ultraviolet radiation on plants and aquatic life, almost no effort has been directed at sponsoring research into other aspects of climate change. The Committee is concerned that very little funding from EPA's Exploratory Research Grants Program has gone toward research on either climate modeling, environmental or health effects of global warming or stratospheric ozone depletion.

To ensure an effective research and policy analysis effort to address the prospect of pollutant-generated global warming and stratospheric ozone depletion, the Committee makes the following revisions to the EPA budget request.

The Committee's recommendation reflects the following increases from the budget request.

The Committee has added $360,000 and six positions for stratospheric ozone protection with such resources to be used to prepare a staff paper for review by the Science Advisory Board, develop a regulatory impact

analysis of control options available under section 157 of the Clean Air Act, prepare engineering and cost analyses of control actions to support a regulatory package and provide support of expanded international activities related to the ongoing international negotiations on a CFC control protocol including analysis of global control options, studies of potential effects of stratospheric ozone depletion of concern to other nations, and expanded communications with experts and policymakers from abroad.

The Committee has also added $4,500,000 under the "Abatement, control, and compliance" account for these activities.

The Committee has added $300,000 and five positions to prepare studies and to conduct analyses related to environmental and economic effects of climate change, to develop options to limit such change, and to provide reports to Congress on strategies to stabilize the atmosphere, the environmental effects of climate change, and the feasibility of utilizing the environmental impact statement process to ensure that climate change is considered in long-term development projects.

The Committee has also added $2,500,000 under the "Abatement, control, and compliance" account for these activities.

These resources will also permit a more expanded role in the international community to ensure concerted international action to address climate change. After completing the report the Committee has already directed, it is contemplated that the Office of Research and Development would reprogram fiscal year 1987 funds to study ecological impacts of climate change, for example, effects on plants, endangered species, et cetera; effects on air and water pollution, sea level rise; effects on coastal development, wetlands, and drinking water; and an analysis of the trends in greenhouse gases and possible controls to limit future increases.

For the past several years, the Committee has stated its conviction that whenever the Administrator announces his intention to list a hazardous air pollutant, the Agency in that year should begin to develop the regulations to control the pollutant. No other course appears responsible to this Committee. If a pollutant is dangerous enough to be listed, then its emissions should be reduced as soon as possible. Thus, the Committee was very disturbed that for the second year in a row the Agency has not requested the funds to write the regulations for the three hazardous air pollutants which the Administrator is expected to designate this year. The Committee has added $200,000 and three positions and directs that the Agency begin regulatory development for each of the hazardous air pollutants designated this year.

If, in the future, the Agency does not request the funds to regulate the chemicals it determines are hazardous, the Committee will not add funds. It will take the funds from the air programs' base budget.

The Committee is pleased that the Agency is going forward with almost 20 tier 1 hazardous air pollutant evaluations. This level of tier 1 activities is essential if the Agency's commitments to control hazardous air pollutants in a reasonable time period are to be honored.

The Committee has added $1,200,000 and 20 positions to the amount requested for radon activities. This level and the increase in the research and development section of this report will increase radon activities by almost 50 percent. The Committee believes that the Agency should respond aggressively to the discovery of widespread contamination in residences in several parts of the Nation. These funds are to be used primarily in regional offices to expand the national radon survey, to conduct training programs for State environmental agencies, and to disseminate information to the public.

For the past several years, the Committee has insisted that the Agency meet the principal deadlines established by the 1984 RCRA amendments. The Committee has been informed that the Agency will be meeting the deadlines for land disposal, for incinerators, and for treatment facilities. The Committee is impressed with the progress made by the managers of this program in managing its resources to meet these deadlines. The Committee is disappointed that the Agency will be missing the deadlines for air emissions standards from RCRA sites by 2 years. The Committee directs that the Agency prepare a report explaining why this deadline has been missed, establish a new deadline, and suggest management changes that may be necessary.

Just as the Committee has insisted that the RCRA deadlines be achieved, the Committee will insist that the regulatory and reported deadlines included in the Safe Drinking Water Act Amendments of 1986 are met to assure an improved level of public health and environmental protection. The following are among the deadlines which the Committee expects EPA to meet.

EPA is expected to promulgate national primary drinking water regulations for nine of the contaminants referenced in the Safe Drinking Water Act Amendments of 1986 by June 1987; for another 40 contaminants by June 1988; and for the remainder of the list, or the appropriate number of substitute chemicals, by June 1989.

By June 1987, EPA is also expected to publish in the Federal Register a list of any contaminants which it proposes as substitutes for chemicals referenced in the act; to establish by rule the criteria for identifying critical protection areas under the Sole Source Aquifer Demonstration Program; and to issue technical guidance which States may use in determining wellhead protection areas. By September 1987, EPA must amend the public water system public notification regulations.

By December 1987, EPA must promulgate regulations requiring that every public water system conduct a monitoring program for unregulated contaminants; must promulgate national primary drinking water regulations which specify the criteria under which filtration will be required of certain public water systems; and must modify regulations for class I injection wells in order to supplement existing monitoring requirements for those wells.

By January 1988, EPA must publish a list of contaminants which may require regulation, other than those referenced in the Safe Drinking Water Act Amendments of 1986, and by January 1991, EPA must

promulgate national primary drinking water regulations for 25 of those contaminants. By June 1989, EPA must promulgate national primary drinking water regulations requiring disinfection for all public water systems.

The Committee has also provided for additional staffing for the Office of Drinking Water to assure that new mandatory duties for enforcement will be exercised as required by the Safe Drinking Water Act. The Committee is concerned, however, that enforcement will not occur as envisioned in section 102 of Public Law 99–339 of the act unless appropriate delegation of authorities is accomplished within the Agency.

Therefore, this measure provides that the authority of the Administrator to issue notification of violations to States with primary enforcement responsibilities under the act, shall be delegated to appropriate regional and headquarters offices by December 1, 1986.

The Committee has added $6,000,000 and 100 positions for the development of new drinking water standards and guidelines.

The Committee has added $4,500,000 and 75 positions for increased enforcement. Sixty of these positions are to be used to enforce the drinking water standards and the remaining 15 are to be used for other enforcement priorities.

The Committee takes note of the report by the General Accounting Office, "Hazardous Waste: Adequacy of EPA Attorney Resource Levels," which addresses attorney shortages in RCRA and Superfund enforcement in the Office of Regional Counsels. The Committee directs EPA to allocate additional attorneys for regional counsel offices; take steps to increase the number of attorneys working in the areas of RCRA and Superfund enforcement; and to report back to the Congress by March 30, 1987, as to the steps taken to alleviate attorney shortage and the actual number of attorneys hired.

The Committee understands that of the studies called in through the data call-in process or registration standards, about one-half meet flagging criteria. These flagging criteria identify active ingredients that have potential adverse health effects and, therefore, should be reviewed without delay. The request will only permit the review of about 60 percent of the flagged active ingredients. The Committee has added $600,000 and 10 positions so that all of these flagged active ingredients can be promptly reviewed.

The Committee does not concur with the House language concerning nationwide controls on gasoline vapor emissions.

EPA produces certain water samples for quality control and performance evaluation in conducting its responsibilities under the Clean Water Act [CWA] and the Safe Drinking Water Act [SDWA]. Specifically, laboratories are required or encouraged by EPA regulations to conduct routine quality control as part of their own ongoing analysis. To be certified as competent or to demonstrate general performance to EPA or a State, laboratories are required or encouraged by regulations to participate in performance evaluation testing. EPA proposes that a new part 137 be added to title 40 of the Code of Federal Regulations to

impose charges for certain water samples for quality control/performance evaluation. The charges would be assessed to cover the cost to EPA of preparing and distributing the samples.

The Agency has not finally decided to charge these fees. This language would permit the Agency to retain fees collected in support its statutory responsibilities upon a final decision to charge such fees.

The Committee cannot identify from the 1987 request the total funding level for radon activities or how these funds are being used. The Committee directs in preparing the 1988 request, that all radon resources be identified separately and that the proposed program be described in full.

The Committee does not concur with the House reduction in salaries and expenses for research and development activities.

RESEARCH AND DEVELOPMENT

1986 appropriation	$213,793,000
1987 budget estimate	192,734,000
House allowance	202,500,000
Committee recommendation	200,434,000

The Committee recommends an appropriation of $200,434,000 for EPA's Research and Development Program in fiscal year 1987. This amount is $7,700,000 more than the budget estimate and $2,066,000 less than the House allowance.

PROGRAM DESCRIPTION

EPA's Research and Development Program is designed to produce the scientific knowledge and the tools for regulating, preventing, and abating pollution. The Agency's research and development efforts are conducted through grants, contracts, and agreements with universities, industries, other private commercial firms, nonprofit organizations, State and local government, and Federal agencies, as well as through work performed at EPA's laboratories and field stations.

The Research and Development Program encompasses activities such as research on the effects of pollutants on man, animals, aquatic life, plants, materials, and the general environment; research on the processes, such as dispersion, that affect pollution; the development of new and improved sampling and analytical methods and instruments for measuring pollutants; the development, evaluation, and assessment of new and improved technologies for preventing and controlling pollution; development of guidelines and research tools to improve the ability to perform risk assessments; and the development of scientific data necessary to understand the causes and effects of acid rain.

COMMITTEE RECOMMENDATION

The Committee does not concur with the House recommendation of a general reduction of $5,234,000 for the EPA "Research and development" account.

Additionally, the Committee recommends an additional $3,000,000 over the budget request for exploratory research, with at least $2,000,000 of these funds to be used to support research on modeling of likely global warming or stratospheric ozone depletion, environmental and health effects of global warming stratospheric ozone depletion, sea level rise, and increases in carbon dioxide levels, the characterization of emissions of trace gases and the effects of climate change and stratospheric ozone depletion on such air quality concerns as urban smog and rural ozone. The Committee recommends that the Office of Research and Development involve the respective EPA program offices designated by the Administrator as lead offices in establishing selection criteria.

In addition to providing these extramural research funds from the exploratory research category, the Committee directs EPA to report to it within 3 months on the resources necessary to implement an effective research and development effort addressing global climate change and stratospheric ozone depletion and authorizes the Administrator at his discretion to redirect extramural research and development funds to such efforts with the exception of such items as are specifically designated in this report. To carry out expanded research on global climate change, the Committee directs that the four positions necessary to perform this research be absorbed into the requested level of positions.

The Committee has added $500,000 for a high-priority desert ecology studies. Last year the Committee directed the Agency to develop a comprehensive research program to better understand environmental concerns impacting on the Great Basin Desert of Utah, Nevada, Idaho, and Oregon. This unique ecosystem represents a very large land area of which little is known in terms of the impact of manmade disturbances and pollutants. This research program development is nearing finalization and the Committee believes that the highest priority aspect of that program should be undertaken as expeditiously as possible.

The Committee has added $1,300,000 which restores the Radon Research Program to the fiscal year 1986 level. The Committee directs that the Agency use these funds to complete the survey of homes in New Jersey and Pennsylvania and publish a technical guidance manual on mitigation.

The Committee has added $1,500,000 to restore the funding for the Great Lakes Laboratory to the 1986 level. A number of additional activities related to the cleanup of the Great Lakes will be required if the new clean water authorization is enacted. The Committee will address those needs when the Clean Water Act is reauthorized.

The Committee has added $1,000,000 for research activities supporting the Drinking Water Program.

The Committee understands that approximately $16,000,000 of the total research and development budget is being used to develop and validate alternative toxicity testing methods. EPA has the responsibility for the testing of substances found in the environment which may have adverse human health effects in order to develop standards which pro-

vide a foundation for the Agency's regulatory activities. Thousands of potentially harmful substances have not been tested before human exposure because of the cost and duration of the testing required to develop toxicological data.

The Committee directs that the $16,000,000 be used to support basic research designed to produce testing alternatives including cell, tissue, and organ culture technology, to improve experimental design and statistical analysis of results, and for computer simulation of living systems. The specific objectives of these activities should be to: (1) develop more efficient and economical methods of testing without a loss of statistical accuracy; (2) target specific tests for which alternatives would be most desirable; and (3) eliminate unnecessary animal testing.

The Committee recognizes the Agency's efforts to reduce the number of animals involved in health effects testing and research. The Committee expects these activities to continue next year, particularly those charged with evaluating alternatives to whole-animal testing. Moreover, beginning with the fiscal year 1988 budget request, the Committee directs the Agency to provide a summary of each research activity that is related to the evaluation of whole-animal testing and substitutes for whole-animal use and related research.

The Committee notes that EPA conducts a variety of research projects as part of their Cold Climate Research Program. These include studies relating to air quality, impacts of oil development, and of placer mining on water quality.

Research to date include assessments of: (1) auto carbon monoxide control techniques in cold temperatures; and (2) solid waste disposal problems in rural Alaska communities—problems related to waste disposal in winter months and in areas with permafrost.

Cold climate research is EPA's contribution to an ongoing Arctic research initiative. This program was dropped from the 1987 budget by the administration. However, because of the contributions made by this research, it is the Committee's view that this activity be continued with the addition of $400,000.

The Committee believes that the environmental impact of municipal waste incineration facilities must be carefully assessed.

The Committee directs that the Agency ensure that there is undertaken a risk assessment to develop baseline information on toxic air contaminants and solid waste residues emitted by the municipal waste incinerators. The assessment shall be a multipollutant, multimedia effort to establish the levels of toxic contaminants in the ambient air, soil sediment, water and agricultural products, before and after commencement of operation of a model municipal waste incinerator. The incinerator selected for study should be moderate in size and located in an area relatively isolated from other sources in order to limit the sampling requirements and to minimize multisource interaction artifacts. The base construction baseline data should be collected during fiscal year 1987.

There has been extensive mining on tributaries and the main branch of the Clark Fork River in Montana. The Clark Fork runs into Idaho eventually making Lake Pend Oreille. In addition to mining, the industrial discharges into the Clark Fork have increased. The residents in the area are concerned that the water quality of the lake is declining. There are incidents of algal blooms and floating scum in the lake. The Committee, therefore, directs the EPA to provide from available funds, a comprehensive assessment of the water quality problems.

The Committee understands that the Environmental Protection Agency and the Forest Service have committed $950,000 to research the effects of atmospheric pollution on eastern hardwoods. The Committee believes that eastern hardwoods research should be a priority effort of these two agencies and directs that they commit at least this level of support for this research in 1986.

The Committee continues to support the T-fired LIMB demonstration. However, the Committee understands that this program can be continued without additional funds this year. The Committee will work with other subcommittees to find alternative sources of funding for this program. The Committee believes that the capacity of the Agency to address such coal technology issues are an essential part of the commitments made by the President in the Lewis-Davis accords with Canada. The Committee directs the Agency to report on a regular basis on the Federal Government's efforts to develp clean coal technologies and their impact on the environment.

ABATEMENT, CONTROL, AND COMPLIANCE

1986 appropriation	$552,763,000
1987 budget estimate	490,785,000
House allowance	532,550,000
Committee recommendation	585,985,000

The Committee recommends an appropriation of $585,985,000 for abatement, control, and compliance activities. This amount is $95,200,000 more than the budget estimate and is $53,435,000 more than the House allowance.

PROGRAM DESCRIPTION

The Agency's abatement and control effort includes the development of environmental standards; monitoring and surveillance of pollution conditions; grant support for State and local water quality pollution control planning; direct Federal pollution control planning; grant support for State, regional, and local pollution control programs; technical assistance to pollution control agencies and organizations; preparation of environmental impact statements; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimal environmental impact.

The compliance activity at EPA—formerly called enforcement under the old appropriation account structure—encompasses the areas of air and water pollution control, drinking water, pesticides, hazardous waste,

and toxic substances. A major part of the Agency's compliance effort involves support of, or cooperation with, State and local enforcement programs, such as enforcement of air quality standards, navigable and interstate water quality standards, issuance of pollution discharge permits, and issuance of hazardous waste permits and compliance monitoring. Notices of violation, abatement orders, enforcement conferences, civil and criminal court actions, and, in the case of pesticides, recalls and seizures, are used by the Agency as tools to implement its enforcement responsibilities.

COMMITTEE RECOMMENDATION

The Committee has added $4,500,000 to achieve the tasks related to stratospheric ozone protection which were described under the "Salaries and expenses" section of the account in which six positions were added by the Committee.

The Committee has added $2,500,000 to achieve the tasks required to develop information relating to the environmental and economic effects of climate change and options to limit such changes as described in the "Salaries and expenses" section of this report in which five positions were added by the Committee.

The Committee has added $300,000 to develop the hazardous air pollutant regulations described in the "Salaries and expenses" section of this report.

The Committee has added $1,300,000 to fund the abatement, control, and compliance portion of the radon activities described in the "Salaries and expenses" section of this report.

The Committee has added $6,000,000 to fund the activities necessary to meet the requirements of the Safe Drinking Water Act amendment described in the "Salaries and expenses" section of the report.

To support State activities required by the new Safe Drinking Water Act amendments of 1986, the Committee has added $6,000,000 to the Public Water System Program. This level of funding will permit even the smallest States to hire one additional professional employee to implement the act. Additionally, the Committee has added $1,000,000 for the State Underground Injection Control Program.

The Committee is pleased that the Great Lakes toxic hot spot studies listed in last year's report have been initiated. It directs that these studies be continued to their completion.

The Committee has added $4,500,000 for the Clean Lakes Program.

The Committee has added $1,800,000 for wastewater treatment operator training.

The Committee has added $2,800,000 for the Rural Water Association to meet increased demand for the services as a result of the reauthorization of the Drinking Water Act.

The Committee has added $2,000,000, of which $1,000,000 is to fund intensive monitoring of Long Island Sound. These funds shall be transferred to NOAA's National Status and Trends Program and should serve as a prototype for future efforts that could be conducted in other

selected coastal and estuarine areas of the United States. Such work should focus on measuring concentrations of toxic chemicals in bivalve mollusks, bottom feeding fish, surficial sediments, and on testing new measures of sediment quality and biological effects. These funds shall be transferred to NOAA following the development of a research plan by NOAA in cooperation with the Environmental Protection Agency and the Long Island Sound Management Committee consistent with the overall objectives of the research plan for Long Island Sound. Development of the research plan shall be completed within 60 days of enactment.

The Committee directs the Agency to report on the status of these activities every 60 days.

The Committee has added $50,000,000 for the asbestos school hazardous abatement pursuant to the Asbestos School Hazard Abatement Act. The Agency has identified a large number of asbestos hazard abatement projects requiring action in 1987. The cost of these projects is $46,000,000. In addition, the first payments of asbestos abatement loans will be received in 1987. These repayments are expected to total $1,500,000. Thus, this level of funding will meet the projected need.

The Committee is pleased to note that by the close of this calendar year, 27 of the States will have approved legislation providing for the establishment of asbestos abatement contractor training and certification programs—among those, 15 will have programs in operation. This progress has been facilitated largely through EPA's technical assistance efforts funded under ASHAA (Asbestos School Hazard Abatement Act of 1984).

The Committee also notes both Houses have approved legislation which, if enacted, will require States to adopt contractor training and certification programs based upon a model developed by the Agency. The Committee directs the Administrator, in allocating technical assistance funds to States, to give priority to those States which have neither received Federal funds for this purpose nor have in place an adequate contractor program.

The Agency shall have the authority to use up to $5,000,000 for reinspection if the Administrator determines such reinspection is needed or is required by law. Of the funds available to the Agency, $500,000 shall be used to augment AARP personnel primarily for monitoring and inspecting of federally funded school abatement projects.

The Committee has been advised of the development of a new class of asbestos removal agents which involve encapsulation of the material, rather than simple use of a wetting agent as is currently recommended by EPA. The Committee is not in a position to judge the technical merits of these products, but urges the Agency to expeditiously evaluate their safety and efficacy so as to permit application, at the earliest possible time, of improved removal products.

The Committee has added $10,000,000 in section 106 grants. In recent years, water programs have taken the largest budget cuts of any Environmental Protection Agency programs. The Committee believes

that a level funding is necessary to maintain the credibility of water programs and to preserve the Federal-State partnership.

The Committee has added $500,000 and directs that the Agency, through the Great Lakes National Program Office, establish a comprehensive, systemwide toxic monitoring and surveillance network for the Great Lakes.

The Committee has added $2,000,000 for the Agency to initiate a water-related public information and education campaign. The Committee understands that a substantial portion of the costs of the education campaign will be derived from non-Federal resources. To the extent possible, the Agency shall involve community officials, local organizations, and individual citizens in program activities.

BUILDINGS AND FACILITIES

1986 appropriation	$4,785,000
1987 budget estimate	5,000,000
House allowance	5,000,000
Committee recommendation	9,500,000

The Committee recommends an appropriation of $9,500,000 for buildings and facilities in fiscal year 1987. This amount is $4,500,000 more than the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The appropriation for buildings and facilities at EPA covers the necessary repairs and improvements to installations which are used by the Agency. This appropriation also covers new construction projects when appropriate.

COMMITTEE RECOMMENDATION

The Committee directs the Agency to assess whether or not the expanded Superfund research and development activities expected after reauthorization will require expanded facilities.

EPA currently leases space from the University of Nevada at the Environmental Research Center. In addition, the center conducts contract work for EPA as well as the Bureau of Reclamation, the National Oceanic and Atmospheric Administration, and the Department of Energy.

The volume of this contract work is overwhelming existing laboratory space and additional space is urgently needed, for research on hazardous waste, water quality, and environmental assessments. The Committee, therefore, has provided an additional $2,500,000 for the construction of this facility.

In addition, the Committee recommends an appropriation of $2,000,000 to renovate existing buildings at EPA's Edison, NJ, facility, for research and development activities to be carried out jointly by EPA and a consortium of universities operating the NSF Industry/University Cooperative Center for Research in Hazardous and Toxic Substances, which is headquartered at the New Jersey Institute of Technology.

Funds are not included in this bill for construction of the Newport, OR, laboratories in fiscal year 1987, however, EPA shall continue engineering and design of this administrative office, laboratory, library, and test tank facilities complex in order that construction might be initiated in fiscal year 1988.

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

1986 appropriation	$861,300,000
1987 budget estimate	1,050,000,000
House allowance	861,300,000
Committee recommendation	1,050,000,000

PROGRAM DESCRIPTION

On December 11, 1980, Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. The act established the hazardous substance response trust fund to address the problems of uncontrolled hazardous waste sites and spills. Specifically, the legislation mandates that EPA: (1) provide emergency response to hazardous waste spills; (2) take emergency action at hazardous waste sites that pose an imminent hazard to public health or environmentally sensitive ecosystems; (3) engage in long-term planning, remedial design, and construction to clean up hazardous waste sites where no financially responsible party can be found; (4) take enforcement actions to require responsible private parties to clean up hazardous waste sites; and (5) take enforcement actions to recover costs where the fund has been used for clean up.

A comprehensive revision of CERCA is presently being considered by Congress.

COMMITTEE RECOMMENDATION

The Committee will fund the Superfund Program at the requested level of $1,050,000,000. Combined with the carryover of $600,000,000, this level of funding will provide a Superfund cleanup budget twice as large as the Agency has ever had. The Committee is providing this high level of funding because of its conviction that it is essential the large backlog of cleanup actions must be eliminated.

The Committee notes that the conference report on the Comprehensive Environmental Response, Compensation, and Liability Act Amendments, 1986 [CERCLA] requires the Administrator of EPA to review and revise the hazard ranking system [HRS] model. This revision must assure that the HRS accurately assesses the relative risk of potential sites and releases considered for inclusion on the National Priorities List to the extent feasible. The Committee intends that funds appropriated to the Environmental Protection Agency under this act be used to expeditiously review and revise the HRS. The Committee is particularly concerned that the special study wastes—coal combustion wastes, mining and mineral processing wastes, et cetera—be fairly evaluated during this study and directs the Administrator to revise the model to so re-

flect. The Committee will insist that the deadlines in the proposed legislation be met and that progress reports be provided to the Committee each 6 months.

CONSTRUCTION GRANTS

1986 appropriation	$2,374,200,000
1987 budget estimate	1,800,000,000
House allowance	2,400,000,000
Committee recommendation	[1] 2,400,000,000

[1] Reflects release for obligation of $600,000,000 appropriated in fiscal year 1986.

PROGRAM DESCRIPTION

The long-range goal of the Construction Grants Program is to eliminate the municipal discharge of untreated or inadequately treated pollutants and thereby help restore or maintain the quality of the Nation's waters and protect the health and well-being of the people. This program provides grants to municipal and intermunicipal agencies to assist in financing the construction of cost-effective and environmentally sound municipal wastewater treatment facilities. In addition, the program provides funds to assist delegated States in carrying out their responsibilities to manage the Construction Grants Program and to assist them in carrying out water quality management planning programs.

As a result of the muncipial wastewater treatment construction grant amendments of 1981 a State may reserve 4 percent of its authorization to manage its delegated activities, and 1 percent of its allotment for water quality management planning. The act also requires that each State set aside between 4 and 7½ percent of its allotment to provide incentives to communities to use innovative and alternative technologies in constructing their wastewater treatment facilities; it also permits States having substantial rural populations to set aside 4 percent of their funds for projects in small communities. All grants for assisting in the development and construction of wastewater treatment facilities are to be awarded on the basis of a State's priority system, which is designed to insure improved water quality.

Prior to the 1981 amendments, projects were done in three stages with separate grants awarded to a community for the planning (step 1), design (step 2), and construction (step 3) phases of each project. In order to make the process more efficient, the 1981 amendments eliminate the three-step procedure and provide that communities that have completed planning and design and are awarded a grant for construction will receive an allowance to cover a portion of the planning and design costs. Provision is also made for advances to enable small communities, otherwise unable to finance such activities, to plan and design projects. Another provision designed to make the program more efficient and cost effective is the elimination of funding to construct reserve capacity. These provisions are expected to significantly decrease the Federal investment needed in the program.

The goal of the State management assistance grant program under secton 205(g) is to allow the States, rather than EPA, to assume responsibility for day-to-day management of construction grants and other priority programs, and under section 205(j) to provide essential support to water quality management planning. The primary goal for use of section 205(g) funds has been early achievement of maximum delegation of construction grants project management to States. The timing and extent of delegation and financial support to each State depends on the State's ability to operate a Construction Grant Program that meets statutory objectives and requirements and EPA policy. A grant is provided to a State when it can show that it is able to exercise effective management for a substantial portion of program activities.

COMMITTEE RECOMMENDATION

The Committee recommendation provides $2,400,000,000 for the Sewage Treatment Grant Program in fiscal year 1987, $600,000,000 of which is derived from the carryover from fiscal year 1986 which was not released because the Clean Water Act has not yet been reauthorized.

The Committee has included bill language maintaining the State administrative set-asides at the fiscal year 1985 level. It has also included language requiring the continued use of the existing formula and providing that funding shall not be limited to phases and segments of previously funded projects.

REPROGRAMMING LIMITATION

The Agency may not reprogram any of the added funds by the Congress without the prior approval of the House or Senate Committees on Appropriations. The only exception to this directive is Governmentwide across-the-board reductions required by law. In such instances, the Agency may reduce the funds added by the Congress to the same extent the reduction is applied to all programs, projects, and activities.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1986 appropriation	$670,000
1987 budget estimate	820,000
House allowance	670,000
Committee recommendation	800,000

The Council on Environmental Quality was established by the National Environmental Policy Act [NEPA] and the Environmental Quality Improvement Act of 1970 and is located within the Executive Office of the President. The Council's principal responsibility is to provide the President and the Congress with timely and authoritative advice on key policy issues. In addition to providing policy advice, the Council is responsible for maintaining policy oversight of the Federal Government's implementation of NEPA. The Council is also charged with cochairing

with EPA, the Interagency Toxic Substances Data Committee; serving as Executive Secretary of the Interagency Task Force on Acid Precipitation; overseeing implementation of environmental messages by the President; and assisting and advising the President in preparing the annual environmental quality report to the Congress.

COMMITTEE RECOMMENDATION

The Committee recommends $800,000 for the Council on Environmental Quality. This is $20,000 less than the budget request and $130,000 more than the House allowance. The Committee's recommended level will permit addition of critically needed technical and scientific staff.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

1986 appropriation	$2,217,000
1987 budget estimate	1,671,000
House allowance	1,671,000
Committee recommendation	2,217,000

The Office of Science and Technology Policy [OSTP] was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94–282) and provides advice to the President concerning policies in science and technology and on the utilization of science and technology in addressing important national problems. OSTP also supports other organizations within the Executive Office of the President with regard to issues involving science and technology considerations; reviews and analyzes the research and development budgets and programs of the Federal Government, in concert with the Office of Management and Budget; coordinates research and development programs of the Federal Government; and fulfills other obligations, duties, functions, and activities mandated by the National Science and Technology Policy, Organization, and Priorities Act of 1976.

COMMITTEE RECOMMENDATION

The Committee recommends $2,217,000 for the Office, the same level of funding available in fiscal year 1986. This is $546,000 more than the budget request and the House allowance.

The Committee views coordination and development of federalwide science and technology policy as critical during this period of constrained research budgets and growing international competition. The role of the Office is an important one because research and development activities of the Government are widely distributed among departments and agencies. Maintenance of the existing level of funding represents only a modest investment in this vitally needed function.

FEDERAL EMERGENCY MANAGEMENT AGENCY

1986 appropriation	$824,881,628
1987 budget estimate	469,250,000
House allowance	614,250,000
Committee recommendation	[1] 587,800,000

[1] Includes $70,000,000 for the Emergency Food and Shelter Program, transferred to HUD.

The Committee recommends an appropriation of $587,800,000 for the Federal Emergency Management Agency [FEMA] in fiscal year 1987. This amount is $118,550,000 more than the budget estimate and $26,450,000 less than the House allowance.

GENERAL DESCRIPTION

FEMA is responsible for coordinating Federal efforts to anticipate, prepare for and respond to a spectrum of major civil emergencies. The Agency also works to assure the effectiveness of the National Civil Defense Program and the availability of civil defense systems and resources in coping with all manmade and natural disasters; consolidates the programs aimed at preventing and mitigating the effects of potential disasters with the programs designed to deal with the disasters once they occur; coordinates and plans for the emergency deployment of resources that are used on a routine basis by Federal agencies; and helps to coordinate preparedness programs with State and local governments, private industry, and voluntary organizations.

FEMA's budget submission describes several principal activities, including:

Civil defense.—This activity features an integrated emergency management system approach designed to develop generic plans and functional emergency capabilities to mitigate, prepare for, respond to, and recover from emergencies caused by natural, technological, and attack-related hazards. It has financial and technical assistance programs which support State and local organization requirements, and operating costs. Federal civil defense objectives and support are integrated with State and local emergency operational requirements, thereby enhancing overall emergency preparedness for all hazards. Included in this activity are preparedness programs that address functions including planning, warning, communications, direction and control, shelter, movement of people, and provision of food and medical resources. This activity also provides for development of training materials and training programs, and for research and development activities that provide the technical basis for national planning for such activities as population protection and industrial preparedness.

Comprehensive emergency preparedness planning.—This activity provides for the enhancement of Federal, State, and local governments' capability to prepare for, respond to and mitigate the impact of disasters and emergencies. Program activities include hazard analyses, needs assessments, technical guidance and financial support designed to assist State and local governments in developing a comprehensive approach to preparedness planning for natural and manmade emergencies.

Radiological emergency preparedness.—This activity is focused on improvement of Federal, State, and local planning for emergencies in areas surrounding nuclear power reactors and enhanced capabilities to cope with radiological accidents at fixed nuclear facilities, including commercial nuclear powerplants, and nuclear materials license holders. The activity provides assistance to State and local governments through the issuance of guidance, review and approval of plans, and evaluation of exercises.

Federal preparedness.—The goals of the Federal preparedness activity are to enhance Government readiness and capability in order that the Nation will be able to respond predictably and effectively to peacetime or wartime national security emergencies and to enable government, at all levels, to cope with the consequences of accidental, natural, and man-caused occurrences.

Training and fire programs.—This activity prepares Federal, State, and local officials, their supporting staff, and the public to meet the responsibilities and challenges of domestic emergencies through planning, mitigation, preparedness, response, and long-term recovery. Educational programs are provided through the Emergency Management Institute and the National Fire Academy. In fiscal year 1987, FEMA proposes to eliminate funding for stipends and a portion of lodging, as well as for the U.S. Fire Administration which has concentrated on providing a Federal focus on identifying problems with which the Nation's fire, rescue, and emergency medical services must deal, finding solutions to these problems, and supporting State and local fire protection and emergency services efforts.

Flood plain management.—This activity combines mapping, regulatory, and technical assistance to assist State and local governments in responding to known flood hazards and mitigating their effects through a comprehensive approach to managing the Nation's flood plains. FEMA proposes to fund this activity under the National Flood Insurance Fund in fiscal year 1987.

Flood insurance.—The National Flood Insurance Program makes insurance available to property owners in participating communities, in return for which communities are required to adopt flood plain management measures to protect lives and reduce property loss. The flood insurance mechanism allows individuals owning or buying property in the flood plain to insure buildings and contents against flood losses.

Crime insurance.—This program enables residents and businesses to purchase affordable insurance against burglary and robbery losses on properties that meet protective device requirements where such coverage is not available in the private market place. By law, the current authority for this program expires on September 30, 1986.

Disaster response and recovery.—The President's Disaster Relief Program supplements the efforts and available resources of State and local governments and voluntary relief organizations in responding to a major disaster or emergency, as defined in the Disaster Relief Act of 1974 (Public Law 93–288).

FUNDS APPROPRIATED TO THE PRESIDENT—DISASTER RELIEF

1986 appropriation	$345,700,000
1987 budget estimate	100,000,000
House allowance	175,000,000
Committee recommendation	120,000,000

Federal disaster assistance is a nationwide program operated pursuant to the Disaster Relief Act of 1974 (Public Law 93–288). The President is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Funds may be made available directly to a State or local government, or to other Federal agencies as reimbursement of expenditures in disaster relief work performed under this authority. In addition, a variety of other Federal assistance is coordinated under this program.

COMMITTEE RECOMMENDATION

The Committee recommends $120,000,000 for disaster relief assistance in fiscal year 1987. This is $20,000,000 more than the budget request and $55,000,000 less than the House allowance. The Committee recommendation reflects an adjustment to the budget request that removes the cost of disaster assistance employees [DAE's] located in FEMA headquarters and FEMA regional offices. These employees are only to be used in support of declared disasters. Each year since 1982 FEMA has been obligating an average of $5,385,000 from this account for the direct and indirect support of an average 90 DAE's. The Committees on Appropriations of both the House and the Senate together with the General Accounting Office have questioned the practice of charging the DAE costs to the disaster relief fund. The reduction of $5,000,000 from the request reflects the Committee decision to provide funding for the DAE's under the "Salaries and expenses" account and directs FEMA to convert these positions to civil service positions. The Committee has provided adequate funding above the request level in the salaries and expenses account to provide for the direct and indirect costs of approximately 90 additional positions in fiscal year 1987.

The Committee believes that there was considerable merit in the concept of development of uniform criteria to make the disaster declaration process a consistent and fair process for all States and jurisdictions. The regulations proposed by FEMA to change disaster assistance programs, however, reflected an arbitrary process to reduce Federal funding and pass a larger share on to State and local governments. There was no apparent logic in the development of monetary multipliers such as the $1 figure used to determine an indicator upon which the disaster declaration for a State would be based. The Committee strongly believes that Federal savings result from an informed management making progressive improvements in the conduct of the Disaster Relief Program. To illustrate this, examine the programs that aid individual disaster victims. Persons who cannot live in their homes after a declared disaster can now expect to receive temporary housing assistance in an average of 15

days after filing an application. This is in comparison to the 31-day average under the previous delivery system. At the same time FEMA has been able to reduce the overhead costs for the administration of temporary housing by 56 percent, resulting in a savings of $2,300,000 last year. In addition, early results of field tests of a simplified method for processing applications for assistance under its Individual and Family Grant Program indicate similar improvements in delivery times and program efficiency. The Committee endorses these changes and encourages FEMA's continued efforts in this vein.

The Committee directs FEMA not to implement the proposed regulatory changes that would affect funding for disaster assistance. The Committee expects the authorizing committees to act rapidly to enact legislation identifying the distribution between Federal and State/local cost sharing. The Committee also recognizes that the concept of public assistance capability indicators has definite merit and encourages FEMA to pursue the concept in collaboration with State and local interests. During this past year FEMA's performance in communicating with Congress and State and local jurisdictions has been the worst in the agency's history. A significant improvement is expected. The Committee expects further collaborative development of the indicators in order to achieve a more uniform, consistent, and a fairer disaster declaration process.

The budget request represents a reduction of approximately $75,000,000 in disaster relief based on the assumed implementation of proposed cost sharing regulations. The provision of an additional $250,000,000 under the recent urgent supplemental appropriation of 1986 makes almost this entire amount available for obligation in fiscal year 1987. The carryover funding together with the $120,000,000 recommended by the Committee will substantially exceed the 10-year annual average of obligations used by FEMA to estimate the level of funding required for obligation in fiscal year 1987, irrespective of the assumed savings from regulatory changes. Should additional sums be necessary, the Committee will expeditiously consider such requirements in a subsequent appropriations bill.

SALARIES AND EXPENSES

1986 appropriation	$109,440,000
1987 budget estimate	118,507,000
House allowance	118,507,000
Committee recommendation	124,000,000

The salaries and expenses appropriation comprises two activities:

1. *Program support.*—This activity provides for staff and supporting resources to administer the Agency's various programs at the headquarters, field, and regional levels. FEMA proposes to fund administrative support for the flood plain management and national flood insurance programs from the national flood insurance fund in fiscal year 1987.

2. *Management and administration.*—This activity provides staff and

supporting resources for the general management and administration of the Agency in legal affairs, congressional relations, public affairs, personnel, financial management, and other central support functions, such as rent, utilities, ADP support services, and supplies.

COMMITTEE RECOMMENDATION

The Committee recommends $124,000,000 for salaries and expenses. This is $5,493,000 more than the budget request and the House allowance.The difference reflects the funding necessary to add the costs of all DAE's at FEMA headquarters and regional offices and previously funded under the disaster relief fund.

The Committee also directs FEMA to provide full funding to support the direct and indirect costs of the 20 FTE of the U.S. Fire Administration that were proposed for deletion in the fiscal year 1987 budget request. The Committee recognizes that this represents a minimum of $1,000,000 and further directs that FEMA not reduce National Fire Academy positions from the request level in order to provide the 20 FTE for the U.S. Fire Administration.

The Committee is pleased that the agency has implemented sound administrative and fiscal management practices and has been able to operate within its budgeted funds in fiscal year 1986 and looks forward to improved management practices in fiscal year 1987.

The $124,000,000 should support an estimated 2,405 work-years during fiscal year 1986. This represents an increase of 90 work-years over the requested level and provides for the former DAE positions within the "Salaries and expenses" account.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

1986 appropriation	$236,261,000
1987 budget estimate	250,743,000
House allowance	250,743,000
Committee recommendation	273,800,000

The emergency management planning and assistance appropriation provides resources for the following activities which were described previously: civil defense, comprehensive emergency preparedness planning, radiological emergency preparedness, Federal preparedness, training and fire programs, and flood plain management. FEMA proposes to fund the flood plain management activity under the National Flood Insurance Fund in fiscal year 1987.

COMMITTEE RECOMMENDATION

The Committee recommends $273,800,000 for emergency management planning and assistance. This is $23,057,000 more than both the budget request and the House allowance. It is an increase of $37,539,000 from the 1986 level and a decrease of $56,132,000 from the 1985 level. The recommendation provides full stipend funding to continue student programs at the National Emergency Training Center and does not institute a lodging fee at the Emmitsburg, MD, facility. It distrib-

utes the facility cost at this site among four programs rather than two. The recommendation also continues the modernization of the Telecommunications and Warning Program by completing the upgrade of the switching network and the first year of a 2-year upgrade to complete the replacement of the outmoded national radio system with the addition of a high frequency radio system. Funding is also provided for training and education programs including fire programs and the continuation of the U.S. Fire Administration.

The Committee in 1986 directed the agency to make specific increases in high priority areas but also permitted the agency the flexibility of determining offsetting reductions. FEMA proceeded not to make the directed increases in telecommunications and warning based on the flexibility provided by the Committee. Rather than make significant reductions in the "Management and administration" account, the Committee has decided to eliminate the flexibility previously provided the agency and specify the funding to be provided for each subaccount and in some areas each program and activity in fiscal year 1987. It is hoped that this level of control will not be necessitated in the future.

In fiscal year 1986 FEMA requested $89,318,000 and the Committee recommended $124,000,000 for civil defense (excluding FEMA salaries and expenses). The final figure after conference and Gramm-Rudman reductions was $104,309,000. The Committee recommendation of $114,500,000 for civil defense in 1987 is about $10,000,000 above the 1986 level and almost $32,000,000 below the 1985 level. The 1987 Committee recommendation for civil defense includes:

—State and local emergency management: $55,500,000
—Radiological defense: $9,247,000
—Population protection : $11,400,000
—State and local direction control and warning: $553,000
—Research: $100,000
—Training and education: $9,800,000 (instructional programs and materials: $557,000; training and field deployment: $5,700,000; resident programs: $1,843,000; NETC site administration: $1,700,000)
—Telecommunications and warning: $27,900,000 (the increases above the request are National Teletype System: +$1,735,000; National Voice System: +$1,735,000; telecommunications support: +$1,735,000; National Radio System: +$9,000,000).

The increases in telecommunications and warning represent the Committee's commitment to upgrading antiquated equipment whose operational costs are threatening the viability of the system. The $5,205,000 that is added to the FEMA Switched Network [FSN] above the request level (this network includes the teletype system, the voice system, and portions of telecommunications support) will permit completion of the upgrading of this system in 1987. It will upgrade and integrate the voice, facsimile, data, and message traffic between Federal, State, and local jurisdictions. The current system is based on outdated equipment difficult to maintain. It utilizes commercial carrier lines subject to con-

tinuing rate increases which are causing local jurisdictions to drop out of the system rather than pay order of magnitude increases in operating costs. The Committee recommendation also provides a $9,000,000 increase over the $32,000 request for the National Radio System. Six regions and 33 States are currently not part of the system. They have obsolete equipment incompatible with the updated system and often require special fabrication of parts no longer manufactured. The Committee directs FEMA to plan for completion of the upgrade of this system in 1988 when the Committee plans to provide the same funding level as in 1987.

The Committee notes that its highest priority in civil defense in 1985 was the 3-year upgrade of the obsolete telecommunications and warning equipment that provides notice to local governments of impending emergencies be they attack or natural disaster. The replacement of obsolete equipment with current advanced technology equipment continues to be the primary civil defense objective of the Committee. The Committee continues its previous constraint on dosimeter production.

The Committee in providing full funding for stipends is providing $2,300,000. The Committee is convinced that FEMA can improve management techniques that will provide transportation costs to all students at a lower cost to the Federal Government. The Committee, therefore, directs FEMA to expeditiously conduct a study of innovative techniques that could be used to reduce the cost of the stipend program. The results of this study are to be provided to the Committees on Appropriations in December 1986. The committees will select from among the techniques proposed and expect FEMA to conduct a 1-year pilot study of those techniques approved by the committees. The distribution of the stipends for 1987 is as follows: training and field systems—EMI, $160,000; residential programs—civil defense, $700,000; EMI, $180,000; National Fire Academy, $1,260,000.

The Committee directs that $15,500,000 be provided for training and fire programs with $3,400,000 for the Emergency Management Institute, $6,900,000 for the National Fire Academy, and $5,200,000 for the U.S. Fire Administration. The funding distribution is:

1987 TRAINING AND FIRE PROGRAMS

	EMI	NFA	USFA
Instructional programs and materials	$1,165,000	$790,000	
Training and field deployment	841,000	1,686,000	
Resident programs	894,000	1,724,000	
NETC site administration	500,000	2,700,000	$200,000
Fire prevention and arson control			3,350,000
Federal fire policy and coordination			350,000
Firefighter health and safety			400,000
Fire data and analysis			900,000

The Committee is concerned with the Agency's ability to provide support within the Radiological Emergency Preparedness Program and provides $3,600,000 for the conduct of this program. The Committee in its report accompanying the fiscal year 1986 bill (S. Rept. 99–129) directed

FEMA to study the feasibility of passing on the cost of FEMA personnel working directly with communities surrounding at fixed nuclear sites to the utility companies similar to the practices of the Nuclear Regulatory Commission. The Committee is convinced that this is the only way that adequate FEMA manpower can be made available to address this program. The information previously provided the Committee was not acceptable and a report listing the advantages and disadvantages of several approaches including that of making the receipts directly available to FEMA is to be provided to the Committee no later than January 15, 1987.

The Committee provides $134,000,000 for Federal preparedness programs and $6,200,000 for comprehensive emergency preparedness planning.

In its 1986 report (S. Rept. 99–129) the Committee expressed serious concern over the procurement practices at FEMA. The Committee urged FEMA to improve its procurement practices and to limit sole source contract procurements. The Committee now is frustrated with the way FEMA has improved its procurement practices. The control of acquisition management that the agency has implemented is one of not awarding questionable contracts by not awarding contracts. Several instances of refusal to exercise second year options on contracts have been provided the Committee. It appears that during 1986, money will lapse because of delays and slowdowns in the procurement process. The Committee finds these practices as onerous as the questionable sole source procurements of the past. The Committee expects FEMA to both exercise control over noncompetitive awards and obligate contract funding in a timely manner. The Committee directs FEMA to prepare a report documenting the contract funding not awarded each year for 1985 and 1986. The amount of money lapsed or reprogrammed because of inability to award contracts during each fiscal year is to be identified by FEMA program. This report is due to the Committee on November 15, 1986, and should identify corrective actions being implemented.

NATIONAL FLOOD INSURANCE FUND

1986 appropriation	[1] $91,830,628
1987 budget estimate	
House allowance	
Committee recommendation	

[1] Of this amount, $8,663,640 was transferred to salaries and expenses, $45,246,750 was transferred to emergency management planning and assistance, and $37,920,000 was applied to debt reduction.

The Committee does not recommend an appropriation in 1987 since there is no necessity to repay funds borrowed from the Treasury by FEMA to carry out the National Flood Insurance Program. This is the same recommendation as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities

which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes.

Under the Emergency Program, structures in identified flood-prone areas are eligible for limited amounts of coverage at subsidized insurance rates. Under the regular program, studies must be made of different flood risks in flood prone areas to establish actuarial premium rates. These rates are charged for insurance on new construction. Coverage is available on virtually all types of buildings and their contents in amounts up to $245,000 for residential and $550,000 for other types.

Financing.—The Administrator is authorized to borrow up to $1,000,000,000 to carry out the program. Borrowings are estimated to total $261,872,000 by the end of 1987. No appropriation is requested in 1987 to retire agency debt. The program is also financed through premium income.

Operating results.—Cumulative expenses are expected to exceed revenue and receipts from Federal and non-Federal sources by approximately $1,500,000,000 by the end of 1987. This cumulative deficit is financed through appropriations of $1,200,000,000 and by charges against borrowing authority of $300,000,000.

COMMITTEE RECOMMENDATION

The Committee is not recommending an appropriation in 1987 since no new funding is required to retire prior agency debt. Last year the Committee made transfers from the fund to the "Salaries and expenses" account and the "Emergency management planning and assistance" account. The Committee, in 1987, is willing to conduct a 1-year pilot test of paying personnel costs, insurance activity costs, and flood plain management costs directly from the fund. The Committee expects to utilize the services of the General Accounting Office to monitor that no other groups within FEMA attempt to underwrite any of their activities through use of the fund and that no changes are made from the levels of work effort detailed in the 1987 budget justification (pages FI–1 through FI–22). The Committee directs FEMA to provide resources from the fund to support 52 work-years of insurance activities, 82 work-years of flood studies and surveys, 67 work-years of flood hazard reduction program activities, and 3 work-years of purchase of property activities. The total funding required from the flood insurance fund to support FEMA personnel work-years in insurance activities and flood plain management activities is $9,300,000. It will also be necessary to provide out of the fund, $45,200,000 for nonpersonnel costs of the Flood Plain Management Program. This includes $36,460,000 for flood studies and surveys, $4,202,000 for the Flood Hazard Reduction Program, and $4,720,000 for the Property Purchase Program (Section 1362 Program).

FEMA proposes a 27-percent increase in premium rates for the flood program in order to make the program self-supporting in 1987. The Committee continues to support the efforts to make the program self-supporting by the end of 1988. During 1987 the Committee is in agreement with the House Appropriations Committee and both authorizing committees that premium rate changes for flood insurance during fiscal year 1987 may not be increased by more than 10 percent.

The Committee notes that the Write-Your-Own [WYO] Program has increased new policy sales during the last year, as well as improving the retention rate. While costs on a per-policy basis have increased, it is noted that the percentage of operating costs to premium income has declined. The decline is seen as a positive step. The Committee is pleased to see that the percent paid to WYO companies is declining. It understands that there is a necessary transition period where costs overlap, but would expect that transition to be completed by 1988.

During the next year, the Committee will expect to see a decline in the direct business costs. It is expected that as more business is transferred to WYO, there will be steadily declining direct side costs. The Committee will closely monitor the WYO Program during 1987 to determine if its expectations are fulfilled.

EMERGENCY FOOD AND SHELTER

1986 appropriation	$70,000,000
1987 budget estimate	
House allowance	70,000,000
Committee recommendation	

PROGRAM DESCRIPTION

The Emergency Food and Shelter Program originated as a one-time emergency appropriation of $100,000,000 to combat the effects of high unemployment in the emergency jobs bill (Public Law 98–8) which was enacted in March 1983.

The program has been administered by a national board and the majority of the funding has been spent for providing temporary food and shelter for the homeless, participating organizations being restricted by legislation from spending more than 2 percent of the funding received for administrative costs.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $70,000,000 for emergency food and shelter, however, this amount is provided under the new authorization included in title V of the bill.

General Services Administration

CONSUMER INFORMATION CENTER

1986 appropriation	$1,182,261
1987 budget estimate	1,272,000
House allowance	1,272,000
Committee recommendation	1,272,000

The Committee recommends an appropriation of $1,272,000 for the Consumer Information Center. This is the same as both the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The Consumer Information Center [CIC] was established within the General Services Administration [GSA] by Executive order on October 26, 1970 to help Federal departments and agencies promote and distribute consumer information collected as a byproduct of the Government's program activities.

The CIC promotes greater public awareness of existing Federal publications through wide dissemination to the general public of the consumer information catalog. The catalog lists both sales and free publications available from the Government Printing Office [GPO] distribution facility in Pueblo, CO. In fiscal year 1985, the CIC distributed a total of 7.1 million publications. Distribution costs of the free publications are financed by reimbursements from the Federal agencies to the Consumer Information Center fund. Beginning in March 1983, the CIC began charging a user fee of $1 for two or more free publications ordered from the catalog.

Public Law 98–63, enacted July 30, 1983, established a revolving fund for the CIC. Under this fund, CIC activities are financed from the following: annual appropriations from the general funds of the Treasury, reimbursements from agencies for distribution of publications, user fees collected from the public, and any other income incident to CIC activities. All are available as authorized in appropriation acts without regard to fiscal year limitations.

COMMITTEE RECOMMENDATION

The Committee recommends $1,272,000 in new budget authority for the Consumer Information Center Fund. The bill includes language limiting the availability of the revolving fund to an aggregate level of $5,200,000 in fiscal year 1987. This amount is comprised of: (1) An appropriation of $1,272,000; (2) user fees from consumers of $400,000; (3) reimbursement from other Federal agencies of $3,000,000; (4) other income incident to CIC activities of $446,000; and (5) prior years unobligated balance of $82,000, all to be available without regard to fiscal year limitation. Any revenues accruing to this fund during fiscal year 1987 in excess of $5,200,000 shall remain in the fund but not be available for expenditure except as authorized in appropriation acts.

The Committee supports the new management approaches developed by the CIC which have increased the number of publications distributed to consumers and the revenues generated by user fees. The Committee agrees with the House and has increased the administrative expense limitation by $10,000 above the $1,654,000 budget request. The Committee directs the CIC to use the increase to permit additional travel to increase the effectiveness of CIC marketing activities and also to facilitate cooperative consumer information projects involving Federal agencies, private business, and consumer organizations.

Department of Health and Human Services

Office of Consumer Affairs

1986 appropriation	$1,903,000
1987 budget estimate	400,000
House allowance	1,000,000
Committee recommendation	1,750,000

In accordance with Executive Order 11583 of February 24, 1971, the staff of the U.S. Office of Consumer Affairs assures that consumer needs and viewpoints are presented in the Federal Government, fosters consideration of consumer viewpoints by other Government agencies, voluntary groups and business, and seeks to inform and educate individual citizens to deal more effectively in the marketplace. The Director is also the Special Adviser to the President for Consumer Affairs.

Under Executive Order 12160 of September 26, 1979, the staff of the Office also provides administrative support to the Consumer Affairs Council. The functions of the Council are to provide leadership and coordination to insure that agency consumer programs are implemented effectively, to strive to maximize effort, promote efficiency and interagency cooperation, and to eliminate duplication and inconsistency among agency consumer programs.

Committee Recommendation

The Committee recommends the budget request of $1,750,000 for activities of the Office of Consumer Affairs [OCA]. This level of funding is $1,350,000 above the budget request, $750,000 above the House allowance, and also represents a decrease of $153,000 below the fiscal year 1986 appropriation. The 79-percent reduction in OCA funding proposed in the budget (from 30 FTE to 5 FTE) would preclude continuation of important consumer activities.

The Committee, therefore, recommends $1,750,000 and 22 FTE for OCA in fiscal year 1987. This reduction of 27 percent in the OCA staffing represents the maximum decrease in personnel that can be made while continuing such OCA activities as: Revision and distribution of the Consumer's Resource Handbook; public information programs on product counterfeiting; securing non-Federal support for consumer initiatives such as the Consumer/Business Financial Services Forum; sponsoring consumer publications for distribution through the Consumer Information Center; and increasing the efficiency of consumer complaint handling through training sessions for 41 Federal agencies.

Of the $1,750,000 provided, the Committee earmarks $250,000 to fund distribution of OCA publications through the Consumer Information Center. It is expected that revision and reprinting of consumer publications such as the Consumer's Resource Handbook will continue as a major Office of Consumer Affairs activity in fiscal year 1987.

National Aeronautics and Space Administration

RESEARCH AND DEVELOPMENT

1986 appropriation	$2,638,257,000
1987 budget estimate	3,032,100,000
House allowance	3,020,700,000
Committee recommendation	3,122,100,000

PROGRAM DESCRIPTION

The objectives of the National Aeronautics and Space Administration [NASA] program of research and development are to extend our knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to develop, operate, and improve unmanned space vehicles; to provide technology for improving the performance of aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology necessary to accomplish national goals. The appropriations provides for the following research, development, and procurement activities of NASA:

Space station.—The United States will continue to progress toward achieving a permanent presence of man in space; initial orbital activities are planned for launch within the decade. A U.S. space station will provide space-based facilities to allow for enhancement of the Nation's science and applications programs and for development of capabilities for commercial exploitation of space, while exploring advanced technologies potentially useful to the economy. In fiscal year 1987, definition and preliminary design contracts, as well as a Flight Telerobotic System Program will be initiated, and a flight demonstration will be conducted during the early 1990's timeframe.

Space transportation systems.—The principal areas of activity in space transportation capability development are: efforts related to the spacelab, the upper stages that place satellites in high altitude orbits not attainable by the shuttle, the engineering and technical base, payload operations and support equipment, advanced programs study and evaluation efforts, the development of the United States/Italy tethered satellite system, and development of the orbital maneuvering vehicle. Development of a reusable orbital maneuvering vehicle will continue in fiscal year 1987 with initial operations planned for fiscal year 1992. The OMV will retrieve spacecraft, provide remote satellite servicing and other operations beyond shuttle capability. The European Space Agency developed spacelab successfully completed its first mission in December 1983 along with both its second developmental and first operational missions during 1985. In fiscal year 1987, mission planning and integra-

tion activities will be pursued in anticipation of the resumption of launching Spacelab flights in fiscal year 1989. Efforts on space transportation system upper stages will be pursued further. After an intensive review of the safety issues involving the STS Centaur upper stage, the decision was made to cancel the program. In fiscal year 1987, modifications to the two-stage IUS will be made to accommodate planetary spacecraft. Additional STS upper stages will be procured for the Magellan tracking and data relay satellite missions, Mars observer, and other NASA missions. The tethered satellite system will provide a new capability for conducting space experiments in regions remote from the space shuttle orbiter, especially in the upper atmosphere.

Space science and applications.—This program utilizes space systems supported by airborne and ground-based observations to conduct scientific investigations of the Earth and its space environment, the Sun, the planets, interplanetary and interstellar space, and the other stars of our galaxy and universe. Results from these investigations contribute to our understanding of the universe, including the key questions of life, matter, and energy. In addition, this program conducts the research and selected technology developments to encourage the practical application of space technologies to needs on Earth. The Space Science and Applications Program has been significantly restructured to reflect the standdown in shuttle flights.

The major physics and astronomy activities in fiscal year 1987 include: Testing of the Hubble space telescope and active maintenance of the integrated spacecraft, integration of the Gamma Ray Observatory spacecraft, and continuation of shuttle/spacelab instrument development in anticipation of resumption of shuttle flights. In the planetary exploration area, the major fiscal year 1987 activities will be modifying the Galileo spacecraft for a shuttle/inertial upper stage launch, reconfiguration of the Ulysses spacecraft to use a shuttle/IUS upper stage and PAM–D, system integration and testing of the Magellan spacecraft by the contractor, and continued development of the Mars Observer spacecraft. The major activities in the space applications area include analysis of data from various instruments to understand the processes which control the Earth's systems, continuation of selected shuttle/spacelab development efforts along with definition activities on advanced instruments, and development of instruments to be flown on the tethered satellite system. Development efforts will also continue in 1987 on the upper atmospheric research satellite mission which will conduct research on the Earth's upper atmosphere to assess its susceptibility to chemical change. Development activities will be continued on the scatterometer that will be flown on the Navy's remote ocean sensing system to measure wind velocity on the surface of the ocean. The ocean topography experiment is being proposed as a new start in fiscal year 1987. Its objective is to acquire precise observations of the surface topography of the oceans.

Commercial programs.—These programs include the technology utilization and commercial use of space. The Technology Utilization Program is designed to facilitate the transfer of NASA developed technol-

ogy to the nonaerospace sectors of the U.S. economy. During fiscal year 1987, NASA will continue its efforts to help foster widespread dissemination of new technology developed by the Agency's programs.

The commercial use of space is designed to increase private sector awareness of the opportunities in space. Private industry will be encouraged to invest and participate in high technology research and development utilizing the unique characteristics of space.

Aeronautics and space technology.—The objective of the Aeronautical Research and Technology Program is to provide the broad technology base essential to the preservation of U.S. leadership in aviation. Specific technology efforts in fiscal year 1987 will continue to be directed toward major improvements in high-performance aircraft, supersonic aircraft, rotorcraft, advanced propulsion, and numerical aerodynamics simulation. Major thrusts of fiscal year 1987 activities include: continuing advancement in both basic aeronautical disciplines and systems research, maintaining and operating specialized facilities essential to aeronautical research, and pursuing technological advances in critical areas of high risk and potentially high payoff to the Nation. The objectives of the Space Research and Technology Program are to provide the technology base necessary to support current and future space activities and to formulate and advance technology options for the future. These activities emphasize the longer-range aspects of generic research and technology development which are crucial in maintaining future U.S. leadership. A joint NASA/DOD program will explore new approaches for cost-effective hypersonic flight in the atmosphere with the capacity to accelerate to orbit. The program will pursue research and advanced technology development in the area of hypersonic flight cooperatively with DOD and is expected to lead to a transatmospheric flight vehicle in the early 1990's.

Tracking and data advanced systems.—The overall objective of the Advanced Systems Program is to perform studies to ensure capability for tracking and data acquisitions, communications, and data processing support required by all NASA flight projects in accomplishing their mission objectives.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $3,122,100,000 for research and development activities. This amount is $90,000,000 more than the budget estimate and $101,400,000 more than the House allowance.

The Committee recommendation reflects increases over the amended request level of $7,000,000 for the orbital maneuvering vehicle; $31,000,000 to fully fund the previously programmed level for the upper atmospheric research satellite; $77,000,000 for the advanced communications technology satellite; and $10,000,000 to maintain the transatmospheric aerospace plane program. These increases are offset by a reduction of $36,000,000 for the replacement of equipment lost in the *Challenger* accident needed to support the inertial upper stage. Funds

for this purpose have been included in the Department of Defense Appropriation Act, 1987, as reported by the Committee.

With respect to the continuation of the advanced communications technology satellite, the Committee is concerned with the effect that the less than optional funding available in fiscal year 1987 will have on the overall program cost. The Committee, therefore, urges the Agency to review the schedule and program impact that this constrained level will have, and to review alternative out-year development options to reduce system costs and expedite the completion date.

The Committee is very concerned over the impact of the *Challenger* accident on the NASA space science program, not only on the basis of launch delays and constrained launch opportunities, but in terms of the long-term implications of program stretchout, cancellations, and constrained funding levels. The Committee agrees that the process of developing a coherent and effective strategy to minimize the negative impacts of the *Challenger* accident will necessarily entail significant program disruption on policy direction disputes. While the Committee is supportive of NASA initiatives to deliniate a clear approach to this significant problem confronting the space science community, it is vital that the formulation of such a strategy reflect an open and deliberative examination of space science priorities and policies.

While program management decisions must be made expeditiously, the Committee urges NASA to consult with the Congress and with the spectrum of interests on the space science community before entering into substantial commitments affecting fundamental policy. The Committee's recommended funding level reflects its intent to provide as much flexibility for the space science and applications program to reconstitute its future direction during this critical period.

The Committee is aware of the recommended $350,000 appropriation included in the Energy and Water Development appropriation bill for a low-orbit satellite [PAC–SAT] which would be funded by the Department of Energy as a low-cost energy and resource technical assistance system. The Committee supports this initiative and directs NASA to work with the Department of Energy and the developers of this project (Volunteers in Technical Assistance [VITA] and the Radio Amateur Satellite Corp. [AMSAT]) to facilitate this effort.

SPACE FLIGHT, CONTROL, AND DATA COMMUNICATIONS

1986 appropriation	$3,689,239,000
1987 budget estimate	3,343,000,000
House allowance	3,038,000,000
Committee recommendation	3,624,000,000

PROGRAM DESCRIPTION

The space flight, control, and data communications appropriation provides for the production and operational activities for the space transportation system and the tracking, telemetry, command, and data acquisition support of all NASA flight projects.

Space transportation system.—Shuttle production and operational capability and space transportation operations are the key elements of the space transportation system that are contained within this appropriation. The Shuttle Production and Operational Capability Program provides for the national fleet of space shuttle orbiters including main engines, launch site and mission operational control requirements, initial structural and operational spares, production tooling, and related supporting activities. In fiscal year 1987, the focus of activity will be completion of the redesign and recertification activities necessary to return the space shuttle to flight. Major activities planned for fiscal year 1987 include: Implementation of the recommendations of the Presidential Commission on the *Challenger* Accident, requalification of the major hardware components of the space shuttle system, and testing of the space shuttle's main engines to increase their durability and reliability at full power level, fabrication of engines and spare components to support the restoration of the space shuttle to flight status and the ongoing fabrication of the various major structural spares. A replacement orbiter will be initiated to support a first flight during 1991. Launch and mission support activities at the Kennedy Space Center will be enhanced to meet the baseline near-term flight rate of up to 17 east coast launches per year. The Space Transportation Operations Program provides the standard operational support services for the space shuttle and the expendable launch vehicles.

Within shuttle operations, external tank and solid rocket booster flight hardware is provisioned, overhauled, and repaired and the manpower, propellants, and other materials are furnished to conduct both flight and ground (launch and landing) operations.

The Space Shuttle Operations Program provides for the maintenance of a launch capability to NASA, Department of Defense, other U.S. Government, and selected domestic commercial and international missions on a reimbursable basis. The NASA Expendable Launch Vehicle Program (Scout, Delta, Atlas, Centaur, and Atlas F) will be completely funded on a reimbursable basis in 1987. The Delta Program will continue to support three launches currently scheduled for fiscal year 1987 and early fiscal year 1988. The Atlas Centaur Program includes three launches planned for fiscal year 1987.

Space tracking and data acquisition.—This program provides vital tracking, telemetry, command, and data acquisition support for Earth-orbital spacecraft, planetary missions, sounding rockets, balloons, and research aircraft. This support is currently provided by a worldwide network of NASA ground stations, and by the first of a system of three tracking and data relay satellites in geosynchronous orbit working with a single highly specialized ground station. Facilities are also provided to process into meaningful form the scientific, applications, and engineering data which are collected from flight projects. Support is also provided on a reimbursable basis for projects for the Department of Defense and other Government agencies, commercial firms, and other countries and international organizations engaged in space research endeavors.

COMMITTEE RECOMMENDATION

The Committee recommends $3,624,000,000 for space flight, control, and data communications activities. This is $281,000,000 more than the budget request and $586,000,000 more than the House allowance.

The Committee recommendation reflects a reduction of $250,000,000 from the amended budget request for initial costs associated with the replacement shuttle orbiter, offset by an additional $531,000,000 for funds requested in the Department of Defense budget to reimburse NASA for orbiter operations, but which were deleted by the Committee in the Defense Appropriation Act.

CONSTRUCTION OF FACILITIES

1986 appropriation	$133,310,000
1987 budget estimate	166,300,000
House allowance	166,300,000
Committee recommendation	174,300,000

PROGRAM DESCRIPTION

This appropriation provides for the contractual services for the design, repair, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; the purchase of land and equipment related to construction and modification; and advanced design related to facilities planned for future authorization.

COMMITTEE RECOMMENDATION

The Committee recommends $174,300,000 for the construction of facilities. This is $8,000,000 more than the budget request and the House allowance. This additional amount is for the Goddard Spacecraft Systems Development and Integration Facility, a high priority item to assure availability of Federal facilities to handle the growing size of space science payloads. Even with the expected delay of such missions, this facility is overdue and necessary for efficient space science activities. This project was included both in the fiscal year 1986 budget request as well as the original fiscal year 1987 budget.

RESEARCH AND PROGRAM MANAGEMENT

1986 appropriation	$1,303,434,000
1987 budget estimate	1,425,000,000
House allowance	1,425,000,000
Committee recommendation	1,425,000,000

The research and program management appropriation supports the performance and management of research, technology, and test activities at NASA installations, and the planning, management, and support of contractor research and development tasks necessary to meet the Nation's objectives in aeronautical and space research. Specifically, this appropriation provides the technical and management capability of the civil service staff needed to conduct the full range of programs for which NASA is responsible; maintains facilities and laboratories in a

state of operational capability and manages their use in support of research and development programs; and provides technical and administrative support for the research and development programs at NASA.

COMMITTEE RECOMMENDATION

The Committee recommends $1,425,000,000 for research and program management. This is the same level as the budget request and the House allowance. This allowance, however, reflects a reduction of $16,000,000 from the original budget request.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	*Administrative expenses*
1986 limitation	($593,400,000)	($804,650)
1987 budget estimate	(600,000,000)	(850,000)
House allowance	(600,000,000)	(850,000)
Committee recommendation	(600,000,000)	(850,000)

The National Credit Union Administration Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95–630) as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

The purpose of the facility is to improve the general financial stability of credit unions by meeting their seasonal and emergency liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. To become eligible for facility services, credit unions invest in the capital stock of the facility, and the facility uses the proceeds of such investments and the proceeds of borrowed funds to meet the liquidity needs of credit unions. The primary sources of funds for the facility are the stock subscriptions from credit unions and borrowings.

The facility may borrow funds from any source, with the amount of borrowing limited by Public Law 95–630 to 12 times the amount of subscribed capital stock and surplus.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $600,000,000 on the amount that may be borrowed from the public or any other source, except the Secretary of the Treasury, as proposed in the budget estimate. The Committee also recommends the budget estimate of $850,000 for the limitation on administrative expenses.

The Committee urges the National Credit Union Administration to assist the New York State Credit Union League, Inc., in the establishment of a credit union to serve Manhattan, Harlem, NY. It is the Committee's understanding that the establishment of such a credit union may require up to $450,000 in financial assistance. The Committee views

that whatever measures NCUA can provide in this regard will be most helpful toward addressing this important unserved community.

National Science Foundation

1986 appropriation	$1,458,329,000
1987 budget estimate	1,685,700,000
House allowance	1,550,000,000
Committee recommendation	1,695,700,000

The National Science Foundation [NSF] was established as an independent agency by the National Science Foundation Act of 1950 (Public Law 81–507) and is authorized to support basic and applied research, science and technology policy research, and related scientific and science and engineering education programs to promote the progress of science and engineering in the United States.

The Foundation supports fundamental and applied research in all major scientific and engineering disciplines, through grants, contracts, and other forms of assistance, such as cooperative agreements, awarded to more than 2,000 colleges and universities and to nonprofit organizations and other research organizations in all parts of the United States. The Foundation also encourages cooperative efforts by universities, industries, and Government.

NSF also supports major national and international science programs including the U.S. Antarctic Program and ocean drilling programs, as well as research and related activities in certain foreign countries funded with excess foreign currency owned by the United States.

The Foundation also supports, through contracts, five national astronomy centers and one National Atmospheric Research Center. The centers provide telescopes and other facilities needed for advanced research. The six centers are: The National Radio Astronomy Observatory at Green Bank, WV, which also operates the very large array radio astronomy facility near Socorro, NM; the Kitt Peak National Observatory at Tucson, AZ; the Cerro Tololo Inter-American Observatory in Chile; the National Astronomy and Ionosphere Center in Puerto Rico; the Sacramento Peak Observatory at Sunspot, NM; and the National Center for Atmospheric Research at Boulder, CO.

NSF is a leading Federal supporter of basic research at academic institutions. It is estimated that the Foundation provides approximately 25 percent of Federal support for basic research going to academic institutions. In some fields, NSF provides the dominant share of Federal basic research support, including almost 70 percent in ground-based astronomy, over 50 percent in environmental sciences, over 95 percent in environmental biology, over 50 percent in mathematics, and nearly 40 percent in engineering. The National Science Foundation operates no in-house laboratories. Except for administrative costs (approximately 5 percent) and operations support costs for the U.S. Antarctic Program (about 8 percent), over 99 percent of all Federal funds appropriated to NSF go directly to non-Federal performers of scientific and engineering research and science and engineering education activities.

RESEARCH AND RELATED ACTIVITIES

1986 appropriation	$1,294,060,000
1987 budget estimate	1,479,000,000
House allowance	1,333,300,000
Committee recommendation	1,479,000,000

The research and related activities appropriation provides support for the Foundation's science, engineering, policy, and international research programs and administrative expenses. Separate appropriations are made for the science and engineering education activities, the U.S. Antarctic Program, and for the Special Foreign Currency Program to fund certain scientific activities overseas.

The Foundation's Discipline Oriented Research Program is subdivided into the following activities; mathematical and physical sciences; engineering; geosciences; and biological, behavioral, and social sciences. The program of scientific, technological, and international affairs and Advanced Scientific Computing Program are among the other research and related activities within this appropriation.

In fiscal year 1987, the Foundation will maintain broad support across the mathematical and physical sciences, with special emphasis on the mathematical sciences and strong experimental capability in all fields. Balance will also be maintained among individual research projects, special equipment programs, university laboratories, and national user facilities in accordance with scientific requirements. Special emphasis is given to the mathematical sciences in order to correct serious deficiencies in the past. Support of graduate students and postdoctoral researchers, research instrumentation and equipment of all types will be stressed throughout, including experimental computer research facilities at academic institutions and continuation of selected facility construction and upgrading. An area of special emphasis in fiscal year 1987 is that of computational science and engineering. This is a Foundation-wide activity which is aimed at bringing advanced computational techniques and machine access to bear on scientific and engineering problems which are computation intensive. NSF also intends to give priority to astronomical instrumentation, including continuation of construction of a very long baseline array [VLBA] for radioastronomy, which will provide unmatched capability to probe the highly energetic nuclei of galaxies and quasars.

The program for engineering in fiscal year 1987 will continue to expand basic and applied engineering research, with increased emphasis on engineering research centers. Special emphasis will include experimental research in such areas as materials processing, computer engineering, biotechnology, design and synthesis, manufacturing systems, and automation. Increased support for research equipment and young faculty will continue to be highlighted.

The biological, behavioral, and social sciences activity will place particular research emphasis on the following in fiscal year 1987: Cross-disciplinary research in areas related to biotechnology; ecological sciences, systematics, and population biology; application of powerful new tech-

niques to the understanding of nervous system development; social science data base development, and utilization of improved methodologies; and provision of advanced research instrumentation, including multiuser equipment and support to refurbish biological field status.

In the Geosciences Program activity, NSF intends to give priority to basic atmospheric research on local weather, chemical processes in the atmosphere, and climate change; to Earth sciences related to earthquakes, volcanos, and the structure and evolution of the continental crust; to ocean research related to oceanic crustal dynamics and chemistry; and to continuation of an Ocean Drilling Program. Support is also included for the National Center for Atmospheric Research. Operation of university and oceanographic institution research ships will also be supported, and geological and geophysical research in Alaska and elsewhere in the Arctic will continue.

The scientific, technological, and international affairs activity supports programs which cut across scientific and engineering disciplines and across institutional and international boundaries to provide unique services to the science and technology community. Here the National Science Foundation also employs joint management practice of integrating targeted programs with mainstream research activities to guarantee close involvement of scientists and engineers in the research components of special initiatives and international agreements. Activities planned in fiscal year 1987 include programs that: support basic research by small businesses; enhance work of U.S. researchers by facilitating their cooperation with foreign scientists; provide research and analysis on public policy issues pertaining to science and technology; maintain comprehensive data bases on the Nation's science and engineering resources; and extend greater research opportunities to all segments of the scientific and engineering communities.

The advanced scientific computing activity provides high-quality access to advanced computational facilities to all segments of the science and engineering research community. This includes continued support of the establishment of national super computer centers and of interim centers to provide computer time until the national centers are in full operation, improvements in networks for user/center data transfers, improvement of productivity of software, and provision of time on experimental computers both to facilitate research and to improve the machines.

The program development and management activity provides for the operation, support management, and direction of all Foundation programs and activities and includes necessary funds to develop, manage, and coordinate NSF programs.

COMMITTEE RECOMMENDATION

The Committee recommends $1,479,000,000 for research and related activities. This is the same level as the budget request and $145,700,000 more than the House allowance.

The Committee endorses the President's fiscal year 1987 request for research and related activities. This funding level was assumed in the 1987 congressional budget and was authorized in the most recent NSF Authorization Act (Public Law 99–383). The Committee recognizes the importance of basic research and its relationship to improving this Nation's competitiveness. As such, the Committee views its recommendations for this account as a first step in the implementation of the White House Science Council's report on the health of U.S. colleges and universities. The Committee will be interested in reviewing further efforts to meet the needs documented in this important report.

The Committee has been concerned for some time about the human resource pool upon which the future of U.S. science and technology depends. Recent reports from the White House Science Council, the National Science Board, and the American Council on Education have confirmed the gravity of this issue. The Committee notes NSF is responsible for maintaining the health of U.S. science and engineering. That health is dependent upon the education, training, and research participation of the next generation of scientific and engineering personnel; a large percentage of which comes from this Nation's undergraduate institutions. Thus, an important linkage exists between education at undergraduate institutions and the research process that develops our future scientific and engineering manpower base. Because of this linkage, the Committee strongly believes the Foundation's research directorates have the prime responsibility within NSF to initiate and support activities that strengthen the Nation's undergraduate science and engineering enterprise. Some of the activities the Foundation should consider in this area should be to provide research and equipment support for undergraduate faculty and students, as well as provide opportunities for undergraduate faculty enhancement.

The Committee continues its support of the Foundation on the importance of the merit based review process as the means by which the NSF makes determinations on individual project funding. The Committee does recognize, however, the additional responsibility of NSF to support programs to develop research potential. As such, the Committee endorses the NSF's efforts to broaden participation in science and engineering, especially as it applies to young people, women, minorities, the disabled, and statewide activities that demonstrate promising potential. The Committee encourages NSF to consider additional innovative approaches that encourage the strengthening of the research and education infrastructure at the State level and/or increased participation in science and engineering.

The Committee also notes the concerns raised by several recent national reports over the quality and size of the talent pool for science, engineering, and technology. The Committee remains convinced that special emphasis in this area is vital and strongly encourages continued attention to this matter.

The Committee notes the progress the Foundation's advanced scientific computing program has made. The program emphasizes support

for the national centers at Princeton, San Diego, Illinois, and Pittsburgh, plus the experimental center at Cornell. In addition the program provides support for networking, new technologies, and resource centers. The Committee's recommendation reflects the budget requests for each of these programmatic components, however, the Committee does agree with the thrust of the House recommendation that additional funds be provided to maintain phase I centers.

The Committee is aware that Public Law 99–383 authorized an additional $4,000,000 for astronomy in fiscal year 1987 over the budget request. The Committee understands these additional funds are to come from the Foundation's available resources. The Committee directs, that to the extent funding is available, this important initiative be given priority attention.

The Committee is concerned that the highest priority project of the astronomy community, the very long baseline array [VLBA], has been limited to a reduced procurement schedule which will ultimately result in significantly increased costs for the overall project. The Committee, therefore, recommends inclusion of $12,000,000 for the VLBA because additional funding is critical to help retain a very favorable contract for the purchase of the antennas. The Committee also encourages NSF to do everything possible to ensure the most cost-effective procurement for the VLBA antennas and supporting facilities and to consider an accelerated funding schedule to expedite the project.

The Committee has provided a limitation of $78,000,000 for the program development and management activity. This activity includes funds for staff salaries, rent, travel, and other operating expenses necessary for the effective and efficient operations and management of the Foundation. The Committee is aware that as a percent of the NSF total, program, development, and management has declined from 6 to 5 percent since 1980. At the same time however, the number of proposals per FTE has risen from 20 to 35. The Committee is supportive of the Foundation's initiatives to improve productivity through a variety of techniques and, therefore, supports the budget request for this activity.

U.S. ANTARCTIC PROGRAM ACTIVITIES

1986 appropriation	$110,151,000
1987 budget estimate	117,000,000
House allowance	117,000,000
Committee recommendation	117,000,000

The U.S. Antarctic Program supports national goals that include maintenance of the Antarctic treaty, insure the continent will continue to be used for peaceful purposes only, foster cooperative research to contribute to the solution of regional and worldwide problems, protect the environment and insure equitable and wise use of living and nonliving resources. This U.S. Scientific Research Program continues to be the principal expression of national interest and policy in Antarctica.

In fiscal year 1987, the Foundation will continue to support research intended to increase knowledge of the Antarctic continent and surrounding oceans by developing an understanding of the Antarctic ice sheets

and the Antarctic physical, biological, geological, meteorological, atmospheric, chemical, and oceanographic processes. Emphasis will be given to research in Earth sciences, glaciology, and oceanography.

COMMITTEE RECOMMENDATION

The Committee recommends $117,000,000 for the U.S. Antarctic Program. This is the same level as the budget request and the House allowance.

The significance of the U.S. Antarctic program has been recently highlighted by evidence of a depletion of ozone in the atmosphere above the continent. The Committee notes the study now underway to better understand this phenomenon observed through satellite sensors. Funding recommended by the Committee will maintain the Nation's active and influential presence on this continent.

SCIENCE AND ENGINEERING EDUCATION ACTIVITIES

1986 appropriation	$53,161,000
1987 budget estimate	89,000,000
House allowance	99,000,000
Committee recommendation	99,000,000

The Foundation's Science and Engineering Education Program is designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate laboratory environment, and to assist in providing all precollege students with a level of education in mathematics, science, and technology that reflects the needs of the Nation and is the highest quality attained anywhere in the world.

Graduate research fellowships provide support for the Nation's most able students to undertake graduate study in science and engineering. Each fellowship in fiscal year 1987 will provide a student stipend of $11,100 per year and a yearly cost of education allowance of $6,000 to the fellow's chosen institution. In fiscal year 1986, the National Science Foundation awarded 1,500 graduate fellowships of which approximately 160 were minority graduate fellowships. It is expected that approximately the same number of fellowships will be provided in fiscal year 1987.

At the undergraduate level, NSF provides support for improvement of science laboratories at 4-year colleges through purchase of equipment and encouragement of equipment sharing arrangements. Matching requirements (50 percent) extend the impact of the program and serve in many cases to establish new partnerships between colleges and private sector organizations.

The precollege subactivity is designed to enhance the status and professionalism of science and mathematics teaching as a career, encourage the development of cooperative relationships among all segments of society that can assist in the improvement of precollege science and mathematics education, encourage the development of quality instruction programs, incorporate the usage of computers and other new tech-

nologies, support research in teaching and learning, and identify new ideas and exemplary approaches to the long-term problems of continuing science and mathematics teacher education.

COMMITTEE RECOMMENDATION

The Committee recommends $99,000,000 for science and engineering education activities. This is $10,000,000 more than the request and the same level as the House allowance.

The Committee believes that the science and engineering education directorate should continue to emphasize precollege activities including teacher training, materials development, and informal science education. The Committee expects this appropriation to be used to support these high priority activities. In addition, the Committee intends that $3,000,000 of the additional resources provided should be used to support high priority activities involving the use of television for informal science education. The Committee has included a $2,000,000 enhancement for the College Science Instrumentation Program in an effort to improve undergraduate science and engineering research and education. This program provides instructional instrumentation for 4-year colleges. Given this limited funding level, the Committee does not believe it appropriate to change the program's eligibility requirements at this time. The remainder of the additional resources should be used for high priority precollege teacher training and materials development activities.

SPECIAL FOREIGN CURRENCY PROGRAM (SCIENTIFIC ACTIVITIES OVERSEAS)

1986 appropriation	$957,000
1987 budget estimate	700,000
House allowance	700,000
Committee recommendation	700,000

The National Science Foundation supports or manages scientific research and related activities in Pakistan by using U.S.-owned foreign currencies designated by the Department of the Treasury as excess to normal U.S. governmental requirements. Through the use of such special foreign currency, NSF provides support for scientific activities of benefit to the United States and to the participating foreign country without exporting dollars. The objectives of the program are pursued primarily through grants for cooperative research and related activities by United States and foreign scientists and institutions.

COMMITTEE RECOMMENDATION

The Committee recommends $700,000 for the Special Foreign Currency Program during fiscal year 1987. This is the same as the budget estimate and the House allowance.

NEIGHBORHOOD REINVESTMENT CORPORATION

1986 appropriation	$17,669,000
1987 budget estimate	15,285,000
House allowance	18,669,000
Committee recommendation	19,000,000

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95–557, Oct. 31, 1978). The Corporation, through the Neighborhood Housing Services [NHS] Program improves the quality of life in NHS neighborhoods for current residents, exerts a long-term stabilizing influence on the neighborhood business environment, reverses neighborhood decline and reduces the risks of doing business in the neighborhood. NHS programs have been positively impacting urban neighborhoods for several years. More recent experience is also demonstrating the success of this approach in rural communities—when given the availability of adequate resources.

In 1987, the Corporation plans to continue developing NHS programs in a limited number of additional cities; providing assistance to NHS programs, expending to additional neighborhoods; and assisting NHS's with designing and implementing the individual plans and strategies needed to accomplish their particular goals leading to the neighborhood becoming self-reliant. Ongoing technical services (training, internal systems analyses, interim staffing, et cetera), previously available to NHS's upon request, will continue to be provided to the extent that resources allow. The Corporation also plans to continue selecting neighborhood preservation projects for support, monitoring, and evaluation; and replicating promising strategies and mechanisms in other localities.

The Corporation also plans to continue providing, on a limited basis and subject to the availability of low-cost capital, resources to enable NHS's to expand the services to NHS's to tackle the specific issues standing in the way of realizing neighborhood goals and achieving neighborhood self-reliance. With these supplements, the NHS can address such elements as more distressed neighborhoods, lower-income households, a higher proportion of renters and apartment buildings, more blighted buildings, scattered vacant lots, decaying commercial strips, lack of availability of affordable housing, and other negative conditions. Program supplements include the Apartment Improvement Program, problem properties strategies, housing development strategies, and the Neighborhood Commercial Management Program.

The Corporation will continue to provide fundraising counseling to NHS programs throughout the country, utilizing the assistance of Neighborhood Housing Services of America [NHSA], a private, nonprofit, State chartered, tax exempt corporation established to give added private sector strength to the NHS Program. NHSA provides fund-raising training seminars for NHS programs and direct fundraising counseling to NHS programs toward local, regional, and statewide fundraising goals. Additionally, NHSA is raising social investment capital in

support of the NHS secondary market, and is administering a $25,000,000 master commitment purchase contract with the Federal National Mortgage Association providing for the purchase of AIP rehabilitation loans. Considerable progress has been made in the development of sound investment commitments. NHSA's capacity to keep pace with NHS secondary market needs with primary reliance on private, rather than Neighborhood Reinvestment, resources, however, is constrained by a difficult fundraising environment and an overriding need for local fundraising assistance.

COMMITTEE RECOMMENDATION

The Committee recommends $19,000,000 in new budget authority for the Corporation. This is $1,331,000 more than the Corporation's fiscal year 1986 enacted level, $3,715,000 more than the budget request, and $331,000 more than the House allowance.

The Committee remains highly supportive of the effective and highly leveraged approach of the Neighborhood Reinvestment Corporation in marshaling local neighborhood resources and concerns toward revitalization of their communities. This very modest program has a proven track record of success. The Committee recommendation will permit continuation of existing technical assistance activities as well as allow further capitalization of secondary market assistance and expand the new commercial revitalization program to additional communities.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

1986 appropriation	$26,128,420
1987 budget estimate	27,474,000
House allowance	26,128,400
Committee recommendation	27,000,000

The Committee recommends an appropriation of $27,000,000 for the salaries and expenses of the Selective Service System. This is $474,000 below the budget estimate and $871,600 above both the House allowance and the fiscal year 1986 appropriation.

PROGRAM DESCRIPTION

The Selective Service System was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply to the Armed Forces manpower adequate to insure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military through the reinstitution of the draft if mobilization occurs and if the legislative bar to reinstituting the draft is lifted.

Registration was reinstituted in July 1980. In January 1982, the President reaffirmed the need for young men to register with Selective Service in order to save critical time in mobilization during an emergency.

Registration improvement is an integral part of the Selective Service efforts to maintain high compliance percentages. Since the reinstitution of registration in July 1980, Selective Service has been faced with the need to reestablish public awareness of registration requirements and to perform this important task with limited personnel and only part-time staff at the State and local level. Selective Service has mounted an intensive public information campaign designed to inform young men of their obligation to register and the consequences of not doing so. The Selective Service is utilizing its resources in continuing promotional activities to keep registration information in the public eye.

In an effort to identify young men who have not registered, Selective Service is carrying out a Compliance Program. Procedures have been developed for matching computerized records of registrants with those of the Social Security Administration, the Veterans' Administration, the Department of Education, and the department of motor vehicles within the various States and territories, and other agencies in the public and private sectors.

COMMITTEE RECOMMENDATION

The Committee recommends $27,000,000 for the Selective Service System. This is $474,000 below the budget request and $871,600 above the House allowance. The current limitation for official reception and representation expenses is maintained.

DEPARTMENT OF THE TREASURY

PAYMENTS TO LOCAL GOVERNMENT FISCAL ASSISTANCE TRUST FUND

The Local Government Fiscal Assistance Trust Fund has provided revenue-sharing payments to localities to supplement local revenue sources. Payments to localities are made quarterly. In 1986, 39,237 units of general-purpose local governments are eligible to receive revenue-sharing funds: 3,106 counties, 19,084 municipalities, 16,711 towns and townships, and 336 Indian tribes and Alaskan Native villages.

Distribution of the funds is based on population, tax effort, and per capita income. Local jurisdictions are allowed to use the funds for any purposes for which they can legally use revenues generated locally.

The program was first authorized in 1972 and over $82,000,000,000 has been appropriated. The Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272) terminates the revenue sharing payments to local governments from the fund and specifies the termination date. Although the Committee remains very supportive of this effective and needed form of Federal assistance to local jurisdictions, it has no alternative but to recommend discontinuation of this program's appropriations.

Office of Revenue Sharing, Salaries and Expenses

1986 appropriation	$7,382,000
1987 budget estimate	5,560,000
House allowance	5,560,000
Committee recommendation	5,560,000

The Office of Revenue Sharing was established in 1972 for the purpose of implementing the State and Local Fiscal Assistance Act of 1972, which was amended and extended through September 30, 1986, by the Local Government Fiscal Assistance Act of 1983 (Public Law 98–185). Specifically, the Office of Revenue Sharing is responsible for correctly computing and distributing revenue-sharing funds and maintaining adequate controls to insure the integrity of the trust funds; supplying adequate information, data, and technical assistance to all recipients to assure compliance with the act; improving the quality of State and local audits to eliminate noncompliance with audit requirements; insuring compliance with the nondiscrimination and public participation provisions of the act; and, at regular intervals, reporting to Congress, recipient governments, and the general public.

COMMITTEE RECOMMENDATION

The Committee recommends $5,560,000 for salaries and expenses of the Office. This is the same level as the budget request and the House allowance.

Veterans Administration

COMPENSATION AND PENSIONS

1986 appropriation	$14,426,999,000
1987 budget estimate	14,364,400,000
House allowance	14,364,400,000
Committee recommendation	14,364,400,000

The Committee recommends an appropriation of $14,364,400,000 for compensation and pensions. This is the same as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the impact of disabilities on earning capacity. Death compensation or dependency and indemnity compensation is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty or result from service-connected disabilities. A clothing allowance is also provided for service-connected veterans who use a prosthetic or orthopedic device.

The Veteran's Compensation and Rate Increase and Job Training Amendment of 1985 (Public Law 99–238) increased both disability compensation for service-disabled veterans and dependency and indemnity compensation to surviving spouses and children by 3.1 percent, effective December 1, 1985, at a cost of $272,000,000.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to nonservice connected disabilities which render them permanently and totally disabled. Veterans 65 years of age or older are excluded from the permanent and total disability requirement in determining eligibility. Death pensions are payable to needy surviving spouses and children of deceased wartime veterans. The rate payable for both disability and death pensions is determined on the basis of the annual income of the veteran or his survivors.

The Veterans and Survivors' Pension Improvement Act of 1978 (Public Law 95–588) reformed the Pension Program and provided for automatic annual cost-of-living increases comparable to annual Social Security increases for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase for fiscal year 1986 was 3.1 percent.

Legislation is being proposed making the eligibility for the burial plot allowance the same as those for the basic burial allowance. Eligibility would be linked to veterans with a service-connected disability, veterans in receipt of a pension, and certain other categories of war-time veterans.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $14,364,400,000 for compensation and pensions. This amount is the same as the budget estimate and the House allowance. The estimated caseload and costs by program for 1986 and 1987 are as follows:

	1986	1987	Difference
Caseload:			
Compensation:			
Veterans	2,231,650	2,217,150	- 14,500
Survivors	332,000	325,700	- 6,300
Pensions:			
Veterans	668,000	634,440	- 33,560
Survivors	697,170	634,340	- 62,830
Vocational training	(430)	(1,600)	(+ 1,170)
Burial allowances	120,700	116,000	- 4,700
Funds:			
Compensation:			
Veterans	$8,406,325,000	$8,306,064,000	- $100,261,000
Survivors	2,041,100,000	2,076,900,000	+ 35,800,000
Pensions:			
Veterans	2,505,150,000	2,495,800,000	- 9,350,000
Survivors	1,327,050,000	1,326,400,000	- 650,000
Vocational training	485,000	1,800,000	+ 1,315,000
Burial benefits	123,103,000	128,082,000	+ 4,979,000
Other assistance	6,211,000	6,318,000	+ 107,000
Miscellaneous adjustments	17,575,000	23,036,000	+ 5,461,000
Total, appropriation	14,426,999,000	14,364,400,000	- 62,599,000

The administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation,

pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends $14,364,400,000 in a single compensation and pensions appropriation in fiscal year 1987.

The fiscal year 1987 compensation and pensions budget request does not include funds for proposed compensation cost-of-living increases. The Committee recognizes that supplemental funding may be necessary following final disposition of proposed legislation.

READJUSTMENT BENEFITS

1986 appropriation	$877,569,000
1987 budget estimate	741,150,000
House allowance	741,150,000
Committee recommendation	741,150,000

The readjustment benefits appropriation finances the education, and training of veterans and servicepersons whose service occurred at least in part, between February 1, 1955 and December 31, 1976, (post-Korean and Vietnam-era veterans). It also finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total permanent service-connected disability as well as dependents of servicepersons who were captured or missing in action. In 1987, appropriated funds are being requested to fund the basic education allowance for the All-Volunteer Force Education Assistance Program. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with associated approved adaptive equipment.

COMMITTEE RECOMMENDATION

The Committee recommends $741,150,000 for readjustment benefits for fiscal year 1987. This is the same as the budget request and the House allowance.

The recommended amount is based on the following assumptions:

	1986	1987	Difference
Number of trainees:			
Education and training:			
Post-Korean conflict veterans and servicepersons	321,100	252,200	-68,900
Dependents	51,800	42,400	-9,400
All-Volunteer Force education assistance:			
Veterans		800	+800
Reservists	55,900	81,600	+25,700
Special assistance to disabled veterans: Vocational rehabilitation	26,000	25,500	-500
Total	454,800	402,500	-52,300

	1986	1987	Difference
Funds:			
Education and training:			
Post-Korean conflict veterans and servicepersons	$657,888,000	$518,116,000	-$139,772,000
Dependents	116,031,000	99,305,000	-16,726,000
All-Volunteer Force education assistance:			
Veterans benefits		900,000	+900,000
Reservists benefits	41,113,000	69,931,000	+28,818,000
Special assistance to disabled veterans:			
Vocational rehabilitation	100,937,000	105,622,000	+4,685,000
Housing grants	13,779,000	12,075,000	-1,704,000
Automobiles and other conveyances	3,114,000	2,750,000	-364,000
Adaptive equipment	8,862,000	9,382,000	+520,000
Unobligated balances and other adjustments	-64,155,000	-76,931,000	-12,776,000
Total appropriation	877,569,000	741,150,000	-136,419,000

VETERANS INSURANCE AND INDEMNITIES

1986 appropriation	$9,745,000
1987 budget estimate	4,770,000
House allowance	4,770,000
Committee recommendation	4,770,000

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; and Servicemen's indemnities, applicable to Korean conflict veterans.

COMMITTEE RECOMMENDATION

The Committee recommends $4,770,000 for veterans insurance and indemnities in fiscal year 1987. This is the same amount as the budget estimate and the House allowance. This will cover the cost to various insurance funds for claims traceable to the extra hazards of service and death claims on policies under waiver of premiums while the insured is on active duty.

MEDICAL CARE

1986 appropriation	$9,138,137,000
1987 budget estimate	9,085,543,000
House allowance	9,488,612,000
Committee recommendation	9,240,176,000

The Veterans Administration [VA] operates the largest Federal medical care delivery system in the country, with 172 hospitals, 16 domiciliaries, 119 nursing homes, and 228 outpatient clinics. It is estimated that the VA medical care system will treat approximately 1.4 million patients in fiscal year 1987 and that approximately 19.1 million outpatient medical and dental visits will be made to VA and community health care facilities.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliary, and outpatient clinic facilities; contract hospitals; State home facilities, on a grant basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care also is provided for certain dependents and survivors of veterans under the Civilian Health and Medical Program of the VA [CHAMPVA]. The medical care appropriation also provides for training of medical residents and other personnel in health science fields to support the agency's and the Nation's health manpower demands.

COMMITTEE RECOMMENDATION

The Committee recommends $9,240,176,000 for the "Medical care" account. This is $154,633,000 more than the budget estimate, $102,039,000 above the fiscal year 1986 appropriation, and $248,436,000 less than the House allowance.

The Committee has expressed some reservations for the past 2 years over the practice of directing the number of full-time equivalent employees [FTEE] that the VA had to meet. The Committee views the objective of the medical program as not being oriented to maintaining a specific payroll but as being a program of providing the quality medical care to the largest possible eligible veteran population. With this in mind, the Committee goal for fiscal year 1987 will be in patients treated.

The Veterans Administration request was for $9,083,983,000, representing a reduction of 58,035 patients treated in VA hospitals and 1,114,000 outpatient visits from the 1985 actual level. The request anticipated a total of 1,247,667 VA hospital patients treated and 16,676,000 VA staff outpatient visits during 1987.

The Committee does not agree with these reductions in services. The medical care account is, therefore, increased $247,568,000 in funding for object class 10, personal services and benefits, and an offsetting savings of $92,935,000 is to be made at the discretion of the agency in object classes other than category 10. The Committee expects the VA with these additional resources to provide treatment for 1,319,000 VA hospital patients and 17,416,000 outpatient visits during fiscal year 1987. A review of employment trends and nonpayroll funding levels indicates that these workloads can be accomplished with fewer FTEE and lower funding levels than provided by the House allocation. The Committee estimates that these additional resources, together with the budget amendment of $1,560,000, will maintain jurisdictional staffing of an estimated 192,186 FTEE.

The Committee also directs the agency's attention to the mix within medical care employment which has been changing over the past 3 years. The administrative employment expressed as a percentage of the direct medical care employment has risen about 2 percent between 1984 and 1986. The engineering support has not increased in proportion to the direct care staff. The Committee feels that increases in administra-

tive employment should not exceed the growth in the direct care employment and advises the VA to monitor this relationship when making staffing adjustments in fiscal 1987. The Committee expects the VA to use the additional 99 FTEE of the budget amendment (H. Doc. 99–32), to augment existing staffing in order to implement the means test and third-party reimbursement.

The Committee has directed that $92,935,000 in savings in non-personnel areas be made in fiscal year 1987 at the discretion of the VA. The Committee feels these reductions should generally be achieved by limiting new initiatives, maintaining activities at close to the 1986 funding levels, and by making reductions in areas where there are surplus funds in 1986. The following chart illustrates how the Committee would distribute these reductions:

RESOURCE CHANGES

[In millions of dollars]

	Reduction from request	Request vs. 1986
Utilities [1]	-6.7	+5.344
M&R contractual services	-3.1	+4.682
Supplies and materials [2]	-10	+25.351
M&R supplies	-3.81	+5.142
Equipment	-10	+31.507
Land and structures	-26.9	+26.957
M&R (noncapitalized)	-8.1	+8.103
Other program improvements [3]	-6.825	+54.818
ADP capital investment	-17.5	+23.611

[1] A $6.7 million surplus in 1986.
[2] A $60 million surplus in 1986.
[3] New programs in 1987.

The Committee notes that $10,000,000 of savings in object class 31, equipment, can be effected in fiscal 1987 without cutting back funding if the VA should choose to expand the Advanced Technology Equipment Sharing Program to 12 percent of the additional equipment category. Within the funding provided, the Committee directs the VA to initiate the proposed jointly funded magnetoencephalography [MEG] collaborative study it currently has under review. This project provides the VA with a unique opportunity to place a newly developed advanced technology MEG system in a clinical setting at the Albuquerque VA Medical Center and will facilitate a collaboration between the scientific, medical, and clinical personnel needed to develop its many medical applications. The advanced technology equipment will be funded and provided by non-VA sources and the VA will alter the facility to accommodate the equipment while the VA staff will utilize the system. The Committee, in considering reductions in other program improvements, wants to make clear that it did not wish to impede three critical programs—hospital-based home care, adult day health care, and the medical district initiated peer review organization.

The Committee, in increasing the funding for staffing, is aware of the continuing acute staffing deficiencies, including programs serving Vietnam veterans, at the Huntington, WV, VA Medical Center and the

Wilkes-Barre VA Medical Center of Pennsylvania. The Committee urges the VA to remedy these problems at the earliest possible date.

The Committee is concerned that veterans in isolated locations, such as Maui in the Hawaiian Islands, may not have access to the range of health services that they are entitled to receive. The Committee understands that there is particular difficulty in ensuring access to necessary services such as mental health care. The VA is directed to review this matter and to ensure that sufficient health care resources are made available to provide necessary care to isolated locations, particularly in situations for those veterans residing on islands away from any VA facility. The Committee continues to receive reports that since there is no VA hospital in Hawaii, insufficient training, research, and clinical service resources are being allocated to the region.

While some of the larger metropolitan centers in the United States have more than one VA medical center, a significant portion of the population of the more rural States reside at dispersed locations where the average commute to a VA facility is over 2 hours. While the Committee is sympathetic to the unique unmet needs of these veterans, the current budget deficit prevents the opening of new medical centers or even satellite outpatient clinics at these locations.

The Committee, therefore, directs the VA to reassess this issue and consider several alternatives to address this problem. These solutions, in the form of a report, shall be submitted to the Committee by January 15, 1987.

The Committee further expects the VA to identify funds within the Committee recommendation that can be utilized for this purpose during fiscal year 1987. It is apparent to the Committee that two basic approaches exist; namely, to bring the medical care to the veterans using a mobile concept, or to develop a cost-effective means of getting the veterans to the hospital.

The Committee expects the agency to identify the most promising concept and to conduct two pilot demonstrations during fiscal year 1987.

The budget request identifies $10,000,000 for beneficiary travel in fiscal year 1987. The Committee recognizes that the Administrator of Veterans Affairs has the discretion to set the actual level of funding that will be expended for this activity. The Committee intends that any reprogramming to increase funding for this purpose would use funding from object classes other than object class 10, personal services and benefits.

MEDICAL AND PROSTHETIC RESEARCH

1986 appropriation	$181,126,930
1987 budget estimate	188,915,000
House allowance	193,915,000
Committee recommendation	189,915,000

The appropriation recommended by the Committee provides funds for the conduct of the VA's Medical Research Program and for a Rehabilitation Research Program focusing on rehabilitation engineering prob-

lems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. The "Medical and prosthetic research" account also provides support for a Health Services Research Program at VA medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

COMMITTEE RECOMMENDATION

The Committee recommends $189,915,000 for medical and prosthetic research. This is $1,000,000 above the budget estimate and $4,000,000 below the House allowance.

The Committee is concerned with the ability of the VA to continue the caliber of its programs in medical research and rehabilitation research at the requested levels. The Committee is also concerned with the problems that Centers for Disease Control [CDC] has encountered in developing research protocols that are acceptable to the congressional Office of Technology Assessment [OTA]. OTA has indicated that the epidemiological study should be halted until CDC's proposed methodology can be revised. The project came to a halt in January 1986 after the Committee had appropriated over $61,000,000 for the study. The Committee, therefore, deletes the $3,450,000 requested for the CDC study without prejudice and will consider additional funding after the OTA concerns have been addressed. The Committee is aware that the White House Science Panel has questioned the adequacy of the extant military records for use in the study. The Committee also notes that as of the end of August, $25,000,000 of the $61,000,000 appropriated has not been spent.

The Committee directs that $1,050,000 above the request level be used to continue the prosthetic research into voice-actuated robotic devices that the Committee has encouraged during previous appropriation bills. The Committee further directs that $3,400,000 be used above the requested $108,861,000 for personal services within medical research. The VA is directed to reduce other object categories in medical research to affect an additional $357,000 increase in personal services. The Committee will leave this to the discretion of the agency but suggests that object classifications other than supplies and materials and equipment make up the major portion of the reallocation. This will permit the VA Medical Research Program to retain the 147 FTEE in fiscal year 1987 that were planned to be reduced and provide for an increase in the average payroll in 1987 for medical and prosthetic research over the current fiscal year's estimate.

The relationship and funding distribution between three basic program areas within medical and prosthetic research has been confused particularly with the inclusion of substantial funding in fiscal year 1984 to permit the transfer of funding to the Centers for Disease Control in Atlanta. The distribution between the VA research base and the pass-through funds for CDC is provided in the following table:

MEDICAL AND PROSTHETIC RESEARCH

[In thousands of dollars]

	Appropriation				1987 request	1987 Senate recommendation
	1983	1984	1985	1986		
Medical research	141,052	147,697	165,557	157,123	160,919	164,319
Rehabilitation research	10,001	10,897	15,277	15,345	16,537	17,587
Health services research	3,786	5,112	6,435	6,458	8,009	8,009
CDC transfer		53,974	5,426	2,201	3,450	
Total	154,839	217,680	192,695	181,127	188,915	189,915

The Pittsburgh Veterans Administration Medical Center [VAMC] is performing valuable research into the sleeping patterns of exprisoners of war of the Bataan Corregidor campaign. The Pittsburgh VAMC is currently using inhouse physicians to conduct this program on a part-time basis, which strains overburdened resources and hampers progress on this research. The Committee understands that six full-time employees and $25,000 for equipment has been requested by the hospital to perform this valuable research. The Committee recognizes the importance of this research and its applicability to exprisoners of war of all campaigns and, therefore, urges the Veterans Administration to provide resources for the project from the increased funding in medical research provided in this bill.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1986 appropriation	$51,221,691
1987 budget estimate	42,694,000
House allowance	41,694,000
Committee recommendation	41,194,000

This appropriation provides funds for: (1) central office executive direction (Chief Medical Director and staff), administration and supervision of all VA medical programs, including development and implementation of policies, plans and program objectives as well as followup action to insure the accomplishment of goals; (2) Postgraduate and In-service Training Program in support of continuing education for employees of various medical programs, including costs of tuition, travel, lecturer's fees, and training materials, and equipment is being transferred to the "Medical care" appropriation and the Medical Administration for continuing education needs of the central office staff; and (3) grants under the Health Professional Scholarships Grant Program for eligible students in nursing degree programs.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $41,194,000 for Medical administration and miscellaneous operating expenses in fiscal year 1987. This is $1,500,000 below the request and $500,000 less than the House allowance. The Committee notes that the VA expects a year-end lapse of over $500,000 in fiscal 1986 in this account. The Commit-

tee is also aware that in 1987 the Postgraduate and Inservice Training Program has been transferred to the medical care account and the Scholarship Grant Program has been discontinued. The funding reduction reflects these changes.

GENERAL OPERATING EXPENSES

1986 appropriation	$704,835,340
1987 budget estimate	763,531,000
House allowance	763,531,000
Committee recommendation	760,000,000

This appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits; the operation and maintenance of 111 national cemeteries by the Department of Memorial Affairs; and top management direction and support through agency-level staff offices including the Office of Data Management and Telecommunications. Specifically, general operating expenses cover the following activities:

Veterans benefits.—This activity determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards.

Memorial affairs.—This activity provides for the interment of eligible deceased servicepersons, discharged veterans, and dependents in national cemeteries and procures headstones and markers for graves of eligible active duty personnel as well as discharged veterans.

General administration.—This activity includes the executive direction of the agency and several top level supporting offices, plus the activities of the Board of Veterans Appeals, which decides all cases of appeals to the Administrator on claims involving benefits under veterans legislation, and the Board of Contract Appeals, which decides appeals on the contracts made by the VA.

COMMITTEE RECOMMENDATION

The Committee recommends $760,000,000 for general operating expenses in fiscal year 1987. This amount is $3,531,000 below the budget request and the House allowance. The Committee notes that this is approximately $55,000,000 above the 1986 appropriation without considering the transfer of funds from the medical care account. The Committee further notes that the urgent supplemental appropriation for 1986 contained legislation permitting the cost of contracted appraisals connected with liquidated VA guaranteed housing loans to be paid from the loan guaranty fund. This should provide an estimated additional $6,500,000 to the general operating expenses account in fiscal year 1987 and will help to reduce the loan guaranty backlog.

The Committee is supportive of the modernization of equipment to support the Department of Veterans Benefits but puts the VA on notice that it will closely monitor the progress of the development of the updated computer system, particularly the maximized use of extant data systems. The Committee, therefore, directs the VA to provide a progress review report at the end of March and September of each year.

The VA proposes the consolidation of the St. Paul Insurance Center into the Philadelphia Insurance Center. The Committee is supportive of this and other VA management initiatives to increase efficiency and reduce Federal expenditures. There have been questions, however, raised regarding whether the proposed move will truly save funding. The General Accounting Office is conducting a study to determine the benefits of the consolidation. The Committee contacted the GAO and was assured that the report would be completed by December 1986. The Committee believes that the study should be reviewed prior to a final decision being made and has included language in the bill restricting the closure of the St. Paul Insurance Center prior to July 1987. This should be an adequate time to review the report and make a decision relating to the benefits of the proposal.

CONSTRUCTION, MAJOR PROJECTS

1986 appropriation	$485,544,000
1987 budget estimate	301,208,000
House allowance	382,708,000
Committee recommendation	291,000,000

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $2,000,000 or more.

Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities. Funds again are requested for the Design Fund which would provide working drawings for projects planned for the following budget year.

COMMITTEE RECOMMENDATION

A total construction budget of $348,000,000 is recommended. This consists of $291,000,000 in new budget authority and $57,000,000 from the working reserve. The appropriated amount is $10,208,000 below the budget request and $91,708,000 below the House allowance. The specific amounts recommended by the Committee contrasted with the budget request and the House allowance are as follows:

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1987

[In thousands of dollars]

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS			
Replacement and modernization:			
Augusta (Uptown Division), GA, replacement medical center	84,600	84,600	84,600
Baltimore, MD, replacement medical center	110,200	101,200	100,000
Dayton, OH, bed replacement and modernization	8,400	8,400	8,400

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1987—Continued

[In thousands of dollars]

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS—Continued			
Replacement and modernization—Continued			
New York, NY, outpatient and clinical addition and alterations		77,700	
North Chicago, IL, environmental improvements, patient and nursing home care buildings	9,200	9,200	9,200
Palm Beach, FL, new medical center		6,000	
Pittsburgh (Aspinwall Division), PA, replacement medical center		5,300	
Subtotal	212,400	292,400	202,200
Nursing home care facilities: New Orleans, LA, 120-bed nursing home care unit/parking structure (design)		1,500	
Research and education: White River Junction, VT, research and education	9,300	9,300	9,300
Other improvements:			
Advance planning fund: Various stations	5,000	5,000	4,992
Asbestos abatement: Various stations	9,908	9,908	9,908
Design fund: Various stations	19,000	19,000	19,000
Subtotal	33,908	33,908	33,900
Clinical improvements:			
Salem, VA, outpatient, clinical and nursing unit addition	66,300	66,300	66,300
Salisbury, NC, geropsychiatric building	19,000	19,000	19,000
Subtotal	85,300	85,300	85,300
Electrical improvements: Salt Lake City, UT, electrical distribution	6,600	6,600	6,600
Fire and safety improvements: Milwaukee (Wood), WI, fire and safety improvements	8,400	8,400	8,400
General projects: Waco, TX, renovate buildings 10 and 90	9,700	9,700	9,700
B. CEMETERY PROJECTS			
Various stations: Design fund	600	600	600
Subtotal, major construction program	366,208	447,708	358,000
Less: Fiscal year 1986 design fund[1]	-8,000	-8,000	-8,000
Total construction, major	358,208	439,708	348,000
Reprogrammings from prior appropriations	-57,000	-57,000	-57,000
Total, major construction appropriation	301,208	382,708	291,000

[1] This amount represents all technical services funded from the Design Fund that are included in the individual project's total estimated costs.

The decrease of $10,208,000 from the budget request is indicated in the chart as consisting of:

—$10,200,000 from the Baltimore, MD, replacement medical center. The reduction is for the parking garage structure which is integral to the total project. The Committee is not providing any funding within the major construction account for parking structures. The Committee intends that all parking garage structures be funded out of the new revolving fund. It is up to the VA, pending implementation of its fee parking policy, to decide to fund the Baltimore garage structure out of the revolving fund.

—$8,000 from the advanced planning fund.

The Committee notes that the House has provided funding for four projects not in the VA budget request. The Committee has spent 4 years encouraging the VA to set up a construction prioritization system in order to create an objective method of selecting project scheduling. The VA priority system report was submitted in 1985 and the Committee was pleased with the report and has been supportive of the system as implemented. The Committee recognizes that this system will only be effective if the VA continues to utilize the methodology for determining which projects to include in the annual budget request and the Committee continues to resist the political pressures to add new projects to the budget request list. The Committee, therefore, continues to reiterate its long-standing practice of refraining from funding any project not requested in the budget justification.

The Committee is concerned with the ability of the agency to accelerate those high-ranking projects identified through the 5-year plan. The Committee expects that the site acquisition funds for the new medical center in Florida and the funding for the outpatient clinic in New York will appear in the fiscal year 1988 VA budget justification. The Committee is also concerned with the clinical improvement addition project for the Huntington Medical Center, the clinical addition and alteration project for the Beckley Medical Center, and the laundry replacement project for the Martinsburg Medical Center. These West Virginia projects have been included in the VA's 5-year plan and discussed in hearings before the Committee. The Committee expects the VA to accelerate these projects and incorporate them into the earliest possible President's budget request.

The Committee is concerned with the inability of the VA to demonstrate the ability of the Design Fund Pilot Program to yield significant reductions in time and money promised when the program was proposed. The Committee will closely monitor the design fund concept in 1987 with the view to not continuing it in the future if the anticipated benefits cannot be achieved.

CONSTRUCTION, MINOR PROJECTS

1986 appropriation	$131,061,092
1987 budget estimate	106,962,000
House allowance	65,562,000
Committee recommendation	80,000,000

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the

jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $2,000,000, and expenses of the Office of Construction. Emphasis is placed on correction of code deficiencies in this appropriation request. The recommendation includes funding for personnel and other expenses of the Office of Construction.

COMMITTEE RECOMMENDATION

The Committee recommends $80,000,000 for this account. This is $26,962,000 less than the budget request and $14,438,000 more than the House allowance. The reduction is taken because of the magnitude of the unobligated balances in this account.

The bill also includes a limitation of $38,000,000 for the expenses of the Office of Construction, which is $885,000 less than the request and $115,000 more than the limitation recommended by the House.

PARKING GARAGE REVOLVING FUND

(TRANSFER OF FUNDS)

1986 appropriation	
1987 budget estimate	
House allowance	
Committee recommendation	$26,000,000
	26,000,000

The Committee deleted funds in the 1986 appropriations bill for three parking structures and used these funds to offset increases in the medical care account. The Committee report (S. Rept. 99–129) directed the VA to immediately promulgate a program by which parking facilities can be provided at VA medical center sites with the costs paid for or amortized by the charging of user fees. The Administrator of Veterans Affairs is authorized by 38 U.S.C. 5009 to construct, alter, operate, and maintain garages and parking facilities for employees and other individuals having business at VA medical facilities. The Administrator is also authorized to establish and collect fees for the use of such garages and parking facilities at such rates as the Administrator determines are reasonable.

The Committee is aware that the VA authorizing committees intend to modify the existing statute to determine which facilities should charge a fee, how much the fee should be, and who should be charged a fee. Receipts from these fees would be deposited in the parking garage revolving fund. The Administrator would choose which projects would be funded from the revolving fund.

The Committee has deleted funding from major construction for the one parking structure component included in the 1987 budget request. Language has also been included in the bill which transfers $4,000,000 to the revolving fund from the previously funded parking garage component of the San Francisco Nursing Home and parking garage. This represents the portion of the major construction project funded in 1984 that was provided for the parking structure. The Committee has provided $26,000,000 in new funds, in addition to the $4,000,000 transfer,

to provide the capitalization for the parking garage revolving fund. Projects funded from this account are to be selected by the Administrator.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1986 appropriation	$20,822,000
1987 budget estimate	42,400,000
House allowance	42,400,000
Committee recommendation	42,400,000

This account is used to provide grants to assist States in acquiring or constructing State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

As of September 30, 1985, Federal funds in excess of $179,079,000 have been obligated to help finance 175 projects in 31 States.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $42,400,000 for grants for construction of State extended care facilities in fiscal year 1987. This amount is the same as the budget request and the House allowance.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1986 appropriation	$473,500
1987 budget estimate	500,000
House allowance	500,000
Committee recommendation	500,000

Public Law 97–72, enacted to assure the continued effective care and treatment of U.S. veterans at the Veterans Memorial Medical Center [VMMC], provides for an annual grant of $500,000 through 1986. Legislation is being proposed to extend this authority through 1988. The grant is for the replacement and upgrading of equipment and the rehabilitation of the VMMC's physical plant and facilities.

COMMITTEE RECOMMENDATION

The Committee recommends the budget estimate of $500,000 for grants to the Republic of the Philippines. This is the same level approved in the House allowance. This grant will assure the continued effective care and treatment of veterans at the medical center.

DIRECT LOAN REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

The revenues and receipts from direct loan operations make funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative expenses. Such funds also provide a source of financing to the Loan Guaranty Program through transfers to the Loan Guaranty Revolving Fund. In 1987, 18 direct loans in the amount of $230,000 are expected to be closed.

The VA requested that the dollar limitation for specially adapted housing direct loans be removed in 1987.

COMMITTEE RECOMMENDATION

The Committee recommends $1,000,000 in limitation on direct loans.

ADMINISTRATIVE PROVISION

The Committee recommends bill language providing the VA increased flexibility in the development of the revolving fund. The VA will be able to transfer funding up to 10 percent of the $30,000,000 made available to the fund, subject to normal reprogramming procedures. The Committee recommended provision requires that any funds transferred shall be from the construction accounts and that gross obligations in fiscal year 1987 shall not exceed $31,000,000.

TITLE III

CORPORATIONS

Federal Home Loan Bank Board

LIMITATION ON EXPENSES

1986 limitation	($29,150,000)
1987 budget estimate	(32,193,000)
House allowance	(27,693,000)
Committee recommendation	(27,693,000)

The Federal Home Loan Bank Board formulates policies for and supervises the operation of the 12 Federal home loan banks, the system of Federal savings and loan associations and federally chartered savings banks, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. It is also responsible for the examination of Federal savings and loan associations, federally chartered savings banks and State-chartered institutions insured by the Federal Savings and Loan Insurance Corporation. The necessary expenses of the Federal Home Loan Bank Board are paid from assessments against the 12 Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $27,693,000 on necessary expenses of the Federal Home Loan Bank Board, $4,500,000 less than the level requested by the administration. This is the same as the House allowance.

Federal Savings and Loan Insurance Corporation

LIMITATION ON ADMINISTRATIVE EXPENSES

1985 limitation	($1,378,000)
1987 budget estimate	(1,466,000)
House allowance	(1,466,000)
Committee recommendation	(1,466,000)

The Federal Savings and Loan Insurance Corporation is authorized under title IV of the National Housing Act to insure savings in all Federal savings and loan associations, certain federally chartered savings banks, and in State-chartered institutions of the savings and loan type which apply and qualify for insurance. This protection, which insures each saver in a member association against financial loss up to a statutory limit of $100,000, may be provided either through the prevention of default or the payment of insurance to savings account holders in the

event of liquidation. The Corporation is also authorized to make loans to institutions in financial difficulty. The Corporation functions under the direction of the Federal Home Loan Bank Board, which provides administrative services. The expenses of the Board and its staff offices are paid from assessments made on the Corporation and the Federal Home Loan Banks.

COMMITTEE RECOMMENDATION

The Committee recommends $1,466,000 for the limitation on the administrative expenses of the Federal Savings and Loan Insurance Corporation in fiscal year 1987. This is the same as the budget request.

TITLE IV—GENERAL PROVISIONS

The Committee concurs with all of the general provisions that were included in the fiscal year 1986 HUD–Independent Agencies Appropriations Act (Public Law 99–160).

TITLE V

The Committee recommends a new title V which, in addition and succession to the Emergency Food and Shelter Program described under the FEMA portion of the report, provides a revised authorization for Federal assistance for homeless families through the Department of Housing and Urban Development.

This new authorization transfers the existing authority for the FEMA program to HUD with technical and conforming changes to its authorization as has been recommended by the Senate Committee on Banking, Housing, and Urban Affairs. This program, under the Committee's recommendation, will be continued at the existing $70,000,000 level.

In addition to the Emergency Food and Shelter Program, the Committee's recommended amendment provides $30,000,000 for assistance to States and local units of government to make available additional shelters for the homeless. This assistance will be made available under the CDBG formula and must be matched by the recipient agency. Of the $30,000,000, up to $10,000,000 may be made available for special transitional housing demonstration programs to provide special grants for innovative housing programs which provide temporary assistance to families seeking help in finding more permanent housing assistance or to again reenter the private housing market upon the reestablishment of gainful employment.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of Rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

Until authorizations are enacted for the Department of Housing and Urban Development, the Environmental Protection Agency, and the National Aeronautics and Space Administration, each of the accounts for these activities are potentially within the ambit of this provision.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of Rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that no part of said bill, with the following exception, falls within the ambit of said rule:

Amendment to title I of the Housing and Community Development Act of 1974, as amended:

URBAN DEVELOPMENT ACTION GRANTS

SEC. 119(n)(1). For the purposes of this section, the term 'city' includes Guam, the Virgin Islands, and Indian tribes. *Such term also includes the counties of Kauai, Maui, and Hawaii in the State of Hawaii.*

(2) The Secretary may not approve a grant to an Indian tribe under this section unless the tribe (A) is located on a reservation or in an Alaskan Native Village, and (B) is an eligible recipient under the State and Local Fiscal Assistance Act of 1972.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1987: Subcommittee on HUD Independent Agencies	54.3	53,778	56.4	[1] 55,986
Projections of outlays associated with budget authority recommended in the bill:				
1987				[2] 30,950
1988				9,350
1989				3,805
1990				1,032
1991 and future year				7,776
Financial assistance to State and local governments for 1987 in the bill		14,742		1,277
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1987	3.45	3,464	49.9	74,790

[1] Includes outlays from prior year budget authority.
[2] Excludes outlays from prior year budget authority.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
HOUSING PROGRAMS							
Annual contributions for assisted housing:							
(Increased limitation for annual contract authority)	(838,803,547)	(382,570,377)	(638,280,885)	(618,816,778)	(-219,986,769)	(+236,246,401)	(-19,464,107)
Contract authority	9,537,086,647	2,529,164,000	8,095,000,000	7,295,855,500	-2,241,231,147	+4,766,691,500	-799,144,500
Rescission of assisted housing deobligations (contract authority, indefinite)	-537,525,000	-264,362,000	-264,362,000	---	+537,525,000	+264,362,000	+264,362,000
(Rescission of assisted housing deobligations annual contract authority, indefinite)	(-23,490,000)	(-14,400,400)	(-14,400,400)	---	(+23,490,000)	(+14,400,400)	(+14,400,400)
Total, annual contributions for assisted housing:							
(Increased limitation for annual contract authority (net))	(815,313,547)	(368,169,977)	(623,880,485)	(618,816,778)	(-196,496,769)	(+250,646,801)	(-5,063,707)
Contract authority (net)	8,999,561,647	2,264,802,000	7,830,638,000	7,295,855,500	-1,703,706,147	+5,031,053,500	-534,782,500
Rent supplement (rescission of contract authority, indefinite)	-1,158,920,000	---	---	---	+1,158,920,000	---	---
(Limitation on annual contract authority, indefinite)	(-41,390,000)	(-2,900,000)	(-2,900,000)	(-2,900,000)	(+38,490,000)	---	---
Rental housing assistance (rescission of contract authority, indefinite)	-339,584,000	-54,000,000	-54,000,000	-54,000,000	+285,584,000	---	---

(Limitation on annual contract authority, indefinite)	(-12,128,000)	(-3,500,000)	(-3,500,000)	(-3,500,000)	(+8,628,000)	---	---
Housing for the elderly or handicapped fund (authority to borrow, indefinite)	503,517,000	---	507,689,000	507,689,000	+4,172,000	+507,689,000	---
(Limitation on direct loans)	(603,899,000)	(30,262,000)	(592,661,000)	(592,661,000)	(-11,238,000)	(+562,399,000)	---
Congregate services	2,555,300	---	3,400,000	3,000,000	+444,700	+3,000,000	-400,000
Payments for operation of low-income housing projects	1,158,544,000	1,171,543,000	1,300,000,000	1,400,000,000	+241,456,000	+228,457,000	+100,000,000
Housing counseling assistance	3,312,500	---	4,000,000	3,500,000	+187,500	+3,500,000	-500,000
Federal Housing Administration Fund	239,762,000	272,955,000	272,955,000	272,955,000	+33,193,000	---	---
Portion applied to debt reduction	-165,375,000	-245,915,000	-245,915,000	-245,915,000	-80,540,000	---	---
(Limitation on guaranteed loans)	(141,500,000,000)	(90,000,000,000)	(80,000,000,000)	(120,000,000,000)	(-21,500,000,000)	(+30,000,000,000)	(+40,000,000,000)
Temporary mortgage assistance payments (limitation on direct loans)	(84,446,558)	(73,800,000)	(73,800,000)	(73,800,000)	(-10,646,558)	---	---
Total, Federal Housing Administration Fund	74,387,000	27,040,000	27,040,000	27,040,000	-47,347,000	---	---
Nonprofit sponsor assistance (limitation on direct loans)	(957,000)	---	(1,000,000)	(1,000,000)	(+43,000)	(+1,000,000)	---
Government National Mortgage Association							
Payment of Participation Sales Insufficiencies	---	1,079,000	1,079,000	1,079,000	+1,079,000	---	---
Guarantees of mortgage-backed securities (limitation on guaranteed loans)	(175,000,000,000)	(125,000,000,000)	(132,500,000,000)	(160,000,000,000)	(-15,000,000,000)	(+35,000,000,000)	(+27,500,000,000)
Total, Housing Programs	9,243,373,447	3,410,464,000	9,619,846,000	9,184,163,500	-59,209,947	+5,773,699,500	-435,682,500
COMMUNITY PLANNING AND DEVELOPMENT							
Community development grants	2,990,434,000	2,624,800,000	3,000,000,000	3,000,000,000	+9,566,000	+375,200,000	---
(Limitation on guaranteed loans)	(212,956,000)	---	(150,000,000)	(150,000,000)	(-62,956,000)	(+150,000,000)	---
Urban development action grants	315,810,000	---	275,000,000	225,000,000	-90,810,000	+225,000,000	-50,000,000
Urban homesteading	11,358,000	12,000,000	12,000,000	12,000,000	+642,000	---	---
Emergency Food and Shelter Program	---	---	---	70,000,000	+70,000,000	+70,000,000	+70,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Homeless Housing Program	---	---	---	30,000,000	+30,000,000	+30,000,000	+30,000,000
Total, Community Planning and Development	3,317,602,000	2,636,800,000	3,287,000,000	3,337,000,000	+19,398,000	+700,200,000	+50,000,000
POLICY DEVELOPMENT AND RESEARCH							
Research and technology	16,173,000	18,900,000	16,173,000	18,000,000	+1,827,000	-900,000	+1,827,000
FAIR HOUSING AND EQUAL OPPORTUNITY							
Fair housing assistance	6,341,300	5,000,000	6,341,300	6,341,300	---	+1,341,300	---
Fair housing initiatives	---	(7,000,000)	---	---	---	(-7,000,000)	---
MANAGEMENT AND ADMINISTRATION							
Salaries and expenses	321,961,000	314,056,000	342,123,000	327,049,000	+5,088,000	+12,993,000	-15,074,000
(By transfer, limitation on FHA corporate funds)	(261,959,000)	(291,224,000)	(306,962,000)	(306,962,000)	(+45,003,000)	(+15,738,000)	---
Total, title I, Department of Housing and Urban Development:							
New budget (obligational) authority (net)	12,905,450,747	6,385,220,000	13,271,483,300	12,872,533,800	-32,896,947	+6,487,333,800	-398,929,500
Appropriations	(3,907,331,100)	(4,420,333,000)	(5,233,071,300)	(5,368,924,300)	(+1,461,593,200)	(+948,591,300)	(+135,853,000)
Portion applied to debt reduction	(-165,375,000)	(-245,913,000)	(-245,913,000)	(-245,915,000)	(-80,540,000)	---	---
Contract authority	(9,537,086,647)	(2,529,164,000)	(8,095,000,000)	(7,295,855,500)	(-2,241,231,147)	(+4,766,691,500)	(-799,144,500)
Rescission of contract authority, indefinite	(-877,109,000)	(-318,362,000)	(-318,362,000)	(-54,000,000)	(+823,109,000)	(+264,362,000)	(+264,362,000)

Authority to borrow	(503,517,000)	---	(507,689,000)	(507,689,000)	(+4,172,000)	(+507,689,000)	---
(Increased limitation for annual contract authority (net))	(815,313,547)	(368,169,977)	(623,880,485)	(618,816,778)	(-196,496,769)	(+250,646,801)	(-5,063,707)
(Limitation on annual contract authority, indefinite)	(-53,518,000)	(-6,400,000)	(-6,400,000)	(-6,400,000)	(+47,118,000)	---	---
(Limitation on direct loans)	(689,302,558)	(104,042,000)	(667,461,000)	(667,461,000)	(-21,841,558)	(+563,399,000)	---
(Limitation on corporate funds to be expended)	(261,959,000)	(291,224,000)	(306,962,000)	(306,962,000)	(+45,003,000)	(+15,738,000)	---

TITLE II

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION							
Salaries and expenses	11,920,506	11,673,000	11,673,000	11,673,000	-247,506	---	---
CONSUMER PRODUCT SAFETY COMMISSION							
Salaries and expenses	34,452,000	33,000,000	34,452,000	33,000,000	-1,452,000	---	-1,452,000
DEPARTMENT OF DEFENSE - CIVIL							
Cemeterial Expenses, Army							
Salaries and expenses	13,987,442	15,783,000	6,701,000	15,783,000	+1,795,558	---	+9,082,000
ENVIRONMENTAL PROTECTION AGENCY							
Salaries and expenses	654,756,000	687,947,000	696,047,000	701,107,000	+46,351,000	+13,160,000	+5,060,000
Research and development	213,793,000	192,734,000	202,500,000	200,434,000	-13,359,000	+7,700,000	-2,066,000
Abatement, control and compliance	552,763,000	490,785,000	532,550,000	585,985,000	+33,222,000	+95,200,000	+53,435,000
Buildings and facilities	4,785,000	5,000,000	5,000,000	9,500,000	+4,715,000	+4,500,000	+4,500,000
Subtotal, operating programs	1,426,097,000	1,376,466,000	1,436,097,000	1,497,026,000	+70,929,000	+120,560,000	+60,929,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Payment to the hazardous substance response trust fund	---	(33,000,000)	---	---	---	(-33,000,000)	---
Hazardous substance response trust fund	861,300,000	1,050,000,000	861,300,000	1,050,000,000	+188,700,000	---	+188,700,000
Construction grants	2,374,200,000	1,800,000,000	2,400,000,000	1,800,000,000	-574,200,000	---	-600,000,000
(Release of prior year authority)	---	---	---	(600,000,000)	(+600,000,000)	(+600,000,000)	(+600,000,000)
Total, Construction grants	(2,374,200,000)	(1,800,000,000)	(2,400,000,000)	(2,400,000,000)	(+25,800,000)	(+600,000,000)	---
Total, Environmental Protection Agency	4,661,597,000	4,226,466,000	4,697,397,000	4,347,026,000	-314,571,000	+120,560,000	-350,371,000
EXECUTIVE OFFICE OF THE PRESIDENT							
Council on Environmental Quality and Office of Environmental Quality	670,000	820,000	670,000	800,000	+130,000	-20,000	+130,000
Office of Science and Technology Policy	2,217,227	1,671,000	1,671,000	2,217,000	-227	+546,000	+546,000
Total, Executive Office of the President	2,887,227	2,491,000	2,341,000	3,017,000	+129,773	+526,000	+676,000
FEDERAL EMERGENCY MANAGEMENT AGENCY							
Disaster relief	345,700,000	100,000,000	175,000,000	120,000,000	-225,700,000	+20,000,000	-55,000,000
Salaries and expenses	109,440,000	118,507,000	118,507,000	124,000,000	+14,560,000	+5,493,000	+5,493,000
Emergency management planning and assistance	236,261,000	250,743,000	250,743,000	273,800,000	+37,539,000	+23,057,000	+23,057,000
National flood insurance fund	91,830,628	---	---	---	-91,830,628	---	---
Portion applied to debt reduction	-37,920,000	---	---	---	+37,920,000	---	---
National insurance development fund	9,570,000	---	---	---	-9,570,000	---	---

Emergency food and shelter program	70,000,000	---	70,000,000	---	-70,000,000	---	-70,000,000
Total, Federal Emergency Management Agency	824,881,628	469,250,000	614,250,000	517,800,000	-307,081,628	+48,550,000	-96,450,000
GENERAL SERVICES ADMINISTRATION							
Consumer Information Center	1,182,261	1,272,000	1,272,000	1,272,000	+89,739	---	---
(Limitation on administrative expenses)	(1,543,000)	(1,654,000)	(1,664,000)	(1,664,000)	(+121,000)	(+10,000)	---
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Office of Consumer Affairs	1,903,000	400,000	1,000,000	1,750,000	-153,000	+1,350,000	+750,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Research and development	2,638,257,000	3,032,100,000	3,020,700,000	3,122,100,000	+483,843,000	+90,000,000	+101,400,000
Space flight, control and data communications	3,689,239,000	3,343,000,000	3,038,000,000	3,624,000,000	-65,239,000	+281,000,000	+586,000,000
Construction of facilities	133,310,000	166,300,000	166,300,000	174,300,000	+40,990,000	+8,000,000	+8,000,000
Research and program management	1,303,434,000	1,425,000,000	1,425,000,000	1,425,000,000	+121,566,000	---	---
Total, National Aeronautics and Space Administration	7,764,240,000	7,966,400,000	7,650,000,000	8,345,400,000	+581,160,000	+379,000,000	+695,400,000
NATIONAL CREDIT UNION ADMINISTRATION							
Central liquidity facility:							
(Limitation on direct loans)	(593,400,000)	(600,000,000)	(600,000,000)	(600,000,000)	(+6,600,000)	---	---
(Limitation on administrative expenses, corporate funds)	(804,650)	(850,000)	(850,000)	(850,000)	(+45,350)	---	---
(Limitation on administrative expenses, insurance program - operating fund)	---	(10,352,000)	---	---	---	(-10,352,000)	---
NATIONAL SCIENCE FOUNDATION							
Research and related activities	1,294,060,000	1,479,000,000	1,333,300,000	1,479,000,000	+184,940,000	---	+145,700,000
Program development and management (limitation on administrative expenses)	(72,500,000)	(78,000,000)	(75,000,000)	(78,000,000)	(+5,500,000)	---	(+3,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States Antarctic Program activities	110,151,000	117,000,000	117,000,000	117,000,000	+6,849,000	---	---
Science education activities	53,161,000	89,000,000	99,000,000	99,000,000	+45,839,000	+10,000,000	---
Scientific activities overseas (special foreign currency program)	957,000	700,000	700,000	700,000	-257,000	---	---
Total, National Science Foundation	1,458,329,000	1,685,700,000	1,550,000,000	1,695,700,000	+237,371,000	+10,000,000	+145,700,000
NEIGHBORHOOD REINVESTMENT CORPORATION							
Payment to the Neighborhood Reinvestment Corporation	17,669,000	15,285,000	18,669,000	19,000,000	+1,331,000	+3,715,000	+331,000
SELECTIVE SERVICE SYSTEM							
Salaries and expenses	26,128,420	27,474,000	26,128,400	27,000,000	+871,580	-474,000	+871,600
DEPARTMENT OF THE TREASURY							
Payments to Local Government Fiscal Assistance Trust Fund	4,185,000,000	---	---	---	-4,185,000,000	---	---
Office of Revenue Sharing, salaries and expenses	7,382,200	5,560,000	5,560,000	5,560,000	-1,822,200	---	---
Total, Department of the Treasury	4,192,382,200	5,560,000	5,560,000	5,560,000	-4,186,822,200	---	---
VETERANS ADMINISTRATION							
Compensation and pensions	14,426,999,000	14,364,400,000	14,364,400,000	14,364,400,000	-62,599,000	---	---

Readjustment benefits	877,569,000	741,150,000	741,150,000	741,150,000	-136,419,000	---	---
Veterans insurance and indemnities	9,745,000	4,770,000	4,770,000	4,770,000	-4,975,000	---	---
Medical care	9,138,137,000	9,085,543,000	9,488,612,000	9,240,176,000	+102,039,000	+154,633,000	-248,436,000
Medical and prosthetic research	181,126,930	188,915,000	193,915,000	189,915,000	+8,788,070	+1,000,000	-4,000,000
Medical administration and miscellaneous operating expenses	51,221,691	42,694,000	41,694,000	41,194,000	-10,027,691	-1,500,000	-500,000
General operating expenses	704,835,340	763,531,000	763,531,000	760,000,000	+55,164,660	-3,531,000	-3,531,000
(By transfer)	(8,000,000)	---	---	---	(-8,000,000)	---	---
Construction, major projects	485,544,000	301,208,000	382,708,000	291,000,000	-194,544,000	-10,208,000	-91,708,000
Construction, minor projects	131,061,092	106,962,000	65,562,000	80,000,000	-51,061,092	-26,962,000	+14,438,000
(Limitation on administrative expenses)	(35,913,557)	(38,885,000)	(37,885,000)	(38,000,000)	(+2,086,443)	(-885,000)	(+115,000)
Parking garage revolving fund	---	---	26,000,000	26,000,000	+26,000,000	+26,000,000	---
Grants for construction of State extended care facilities	20,822,000	42,400,000	42,400,000	42,400,000	+21,578,000	---	---
Grants for construction of State veterans cemeteries	2,839,000	---	---	---	-2,839,000	---	---
Grants to the Republic of the Philippines	473,500	500,000	500,000	500,000	+26,500	---	---
Direct loan revolving fund (limitation on direct loans)	(946,000)	---	(1,000,000)	(1,000,000)	(+54,000)	(+1,000,000)	---
Loan guaranty revolving fund	200,000,000	---	---	---	-200,000,000	---	---
Total, Veterans Administration	26,230,373,553	25,642,073,000	26,115,242,000	25,781,505,000	-448,868,553	+139,432,000	-333,737,000
Total, title II, Independent Asencies:							
New budget (obligational) authority	45,241,933,237	40,102,827,000	40,734,685,400	40,805,486,000	-4,436,447,237	+702,659,000	+70,800,600
Appropriations	(45,279,853,237)	(40,102,827,000)	(40,734,685,400)	(40,805,486,000)	(-4,474,367,237)	(+702,659,000)	(+70,800,600)
Portion applied to debt reduction	(-37,920,000)	---	---	---	(+37,920,000)	---	---
(By transfer)	(8,000,000)	---	---	---	(-8,000,000)	---	---
(Limitation on administrative expenses)	(109,956,557)	(128,891,000)	(114,549,000)	(117,664,000)	(+7,707,443)	(-11,227,000)	(+3,115,000)
(Limitation on direct loans)	(594,346,000)	(600,000,000)	(601,000,000)	(601,000,000)	(+6,654,000)	(+1,000,000)	---
(Limitation on corporate funds to be expended)	(804,650)	(850,000)	(850,000)	(850,000)	(+45,350)	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE III							
CORPORATIONS							
Federal Home Loan Bank Board:							
(Limitation on administrative expenses, corporate funds)	(29,150,000)	(32,193,000)	(27,693,000)	(27,693,000)	(-1,457,000)	(-4,500,000)	---
Federal Savings and Loan Insurance Corporation:							
(limitation on administrative expenses, corporate funds)	(1,378,000)	(1,466,000)	(1,466,000)	(1,466,000)	(+88,000)	---	---
Total, title III, Corporations	(30,528,000)	(33,659,000)	(29,159,000)	(29,159,000)	(-1,369,000)	(-4,500,000)	---
RECAPITULATION							
Grand total:							
New budget (obligational) authority (net)	58,147,383,984	46,488,047,000	54,006,168,700	53,678,039,800	-4,469,344,184	+7,189,992,800	-328,128,900
Appropriations	(49,187,184,337)	(44,523,160,000)	(45,967,756,700)	(46,174,410,300)	(-3,012,774,037)	(+1,651,250,300)	(+206,653,600)
Portion applied to debt reduction	(-203,295,000)	(-245,915,000)	(-245,915,000)	(-245,915,000)	(-42,620,000)	---	---
Contract authority	(9,537,086,647)	(2,529,164,000)	(8,095,000,000)	(7,295,855,500)	(-2,241,231,147)	(+4,766,691,500)	(-799,144,500)
Rescission of contract authority, indefinite	(-877,109,000)	(-318,362,000)	(-318,362,000)	(-54,000,000)	(+823,109,000)	(+264,362,000)	(+264,362,000)
Authority to borrow	(503,517,000)	---	(507,689,000)	(507,689,000)	(+4,172,000)	(+507,689,000)	---
(By transfer)	(8,000,000)	---	---	---	(-8,000,000)	---	---
(Increased limitation for annual contract authority (net))	(815,313,547)	(368,169,977)	(623,880,485)	(618,816,778)	(-196,496,769)	(+250,646,801)	(-5,063,707)

(Limitation on administrative expenses).....	(109,956,557)	(128,891,000)	(114,549,000)	(117,664,000)	(+7,707,443)	(-11,227,000)	(+3,115,000)
(Limitation on annual contract authority; indefinite).....	(-53,518,000)	(-6,400,000)	(-6,400,000)	(-6,400,000)	(+47,118,000)	---	---
(Limitation on direct loans).....	(1,283,648,538)	(704,062,000)	(1,268,461,000)	(1,268,461,000)	(-15,187,558)	(+564,399,000)	---
(Limitation on guaranteed loans).....	(316,712,956,000)	(215,000,000,000)	(212,650,000,000)	(280,150,000,000)	(-36,562,956,000)	(+65,150,000,000)	(+67,500,000,000)
(Limitation on corporate funds to be expended).....	(293,291,650)	(325,733,000)	(336,971,000)	(336,971,000)	(+43,679,350)	(+11,238,000)	---